

**Transitions through organisational scaling phase:  
A founder's role**

**25281412**

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## **ABSTRACT**

Entrepreneurial start-up organisations that do manage to grow and scale, possess the opportunity to make a positive impact on the economy and the national competitiveness of a country. Job creation is a direct impact of organisational growth and as such, South Africa with a high unemployment rate, needs organisations to grow. Much of the growth and scaling ability of the organisation, rests on the business founder and their capabilities, highlighted by the transformation within their role as the organisation grows.

This research seeks to contribute to the understanding of organisational scaling and the complexities that are congruent to the process of scaling, including the anticipation and preparation for scaling. The focus is pertinent to the founder's role during this transition phase.

A qualitative research design approach, with semi-structured interviews conducted with 10 participants that have founded South African organisations and were in the process of scaling or had scaled. The findings grouped as themes, revealed founder engagement with various activities during the scaling phase.

**KEY WORDS**

Organisational scaling, role transition, business founder, growing pains, entrepreneurial mentorship.

## **PLAGIARISM DECLARATION**

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Alexis Myron Heymans

3 November 2025

## Contents

<b>ABSTRACT</b> .....	<b>ii</b>
<b>KEY WORDS</b> .....	<b>iii</b>
<b>PLAGIARISM DECLARATION</b> .....	<b>iv</b>
<b>LIST OF FIGURES</b> .....	<b>ix</b>
<b>LIST OF TABLES</b> .....	<b>x</b>
<b>ABBREVIATIONS</b> .....	<b>xi</b>
<b>1. INTRODUCTION TO THE RESEARCH PROBLEM</b> .....	<b>1</b>
1.1. Background to the Research Problem .....	1
1.2. Research Problem .....	2
1.3. Research Purpose .....	4
1.3.1. Academic Contribution .....	4
1.3.2. Business Contribution .....	5
1.4. Conclusion .....	5
<b>2. LITERATURE REVIEW</b> .....	<b>6</b>
2.1. Introduction to literature review .....	6
2.2. Organisational lifecycle .....	7
2.3. When do organisations (founders decide to) scale? .....	8
2.4. The founder and their characteristics .....	9
2.5. The founder's leadership evolution .....	10
2.6. The role of CEO .....	12
2.7. Role theory .....	12
2.8. The founder's dilemma .....	14
2.9. Capacity building - founder .....	14
2.10. Capacity building – organisation .....	14
2.11. Capacity building - human capital .....	15
2.12. Identity – founder versus organisation .....	16
2.13. Conceptual framework .....	17

2.14.	Identification for research .....	17
2.15.	Conclusion .....	18
<b>3.</b>	<b>RESEARCH QUESTIONS.....</b>	<b>19</b>
3.1.	Introduction to the research questions .....	19
3.2.	Main and overarching research question .....	19
3.2.1.	Research question 1 .....	19
3.2.2.	Research question 2 .....	20
3.2.3.	Research question 3 .....	20
3.2.4.	Research question 4 .....	20
<b>4.</b>	<b>RESEARCH METHODOLOGY .....</b>	<b>21</b>
4.1.	Introduction to research methodology .....	21
4.2.	Choice of research methodology and design .....	21
4.3.	Population.....	22
4.4.	Unit of analysis .....	22
4.5.	Sampling method.....	22
4.6.	Measurement instrument .....	24
4.7.	Data gathering process.....	24
4.8.	Data analysis approach .....	25
4.9.	Research ethics .....	25
4.10.	Quality controls .....	25
4.10.1.	Credibility .....	25
4.10.2.	Transferability.....	25
4.10.3.	Trustworthiness.....	26
4.11.	Limitations.....	26
4.11.1.	Sample size .....	26
4.11.2.	Researcher bias.....	27
4.11.3.	Interview participant bias.....	27
4.11.4.	Time horizon .....	27

4.11.5.	Industry and geographic location of study .....	27
4.11.6.	Interview difficulties .....	27
<b>5.</b>	<b>FINDINGS.....</b>	<b>28</b>
5.1.	Introduction to the findings .....	28
5.2.	Sample description .....	28
5.3.	Process of data analysis .....	30
5.4.	Analysis of research question findings .....	32
5.4.1.	Findings: Research question 1 .....	32
5.4.1.1.	Theme: Role Evolution .....	32
5.4.2.	Findings: Research question 2.....	41
5.4.2.1.	Theme: Organisational Performance .....	41
5.4.3.	Findings: Research question 3.....	47
5.4.3.1.	Theme: Human Capital .....	48
5.4.3.2.	Theme: Business Identity .....	55
5.4.4.	Findings: Research question 4.....	60
5.4.4.1.	Founder behaviour.....	60
5.4.4.2.	Organisational structure.....	69
5.5.	Conclusion.....	76
<b>6.</b>	<b>DISCUSSION .....</b>	<b>77</b>
6.1.	Introduction to the discussion .....	77
6.2.	Discussion: Research question 1.....	77
6.2.1.	Role evolution .....	77
6.2.2.	Summary of discussion of research question 1 .....	80
6.3.	Discussion: Research question 2.....	81
6.3.1.	Organisational performance .....	82
6.3.2.	Summary of discussion of research question 2 .....	84
6.4.	Discussion: Research question 3.....	85
6.4.1.	Human capital .....	85

6.4.2.	Business identity .....	87
6.4.3.	Summary of discussion of research question 3 .....	88
6.5.	Discussion: Research question 4 .....	88
6.5.1.	Founder behaviour .....	89
6.5.2.	Organisational structure .....	91
6.5.3.	Summary of discussion of research question 4 .....	92
6.6.	Conclusion .....	93
<b>7.</b>	<b>CONCLUSION AND RECOMMENDATIONS .....</b>	<b>94</b>
7.1.	Introduction to conclusion and recommendations .....	94
7.2.	Principal research findings .....	94
7.2.1.	Activities: Long-term with strong founder engagement.....	96
7.2.2.	Activities: Short-term with strong founder engagement .....	96
7.2.3.	Activities: Long-term with weak founder engagement .....	96
7.2.4.	Activities: Short-term with weak founder engagement.....	96
7.2.5.	Findings not immediately within the control of the founder .....	97
7.2.6.	Summary of principal findings .....	97
7.3.	Implications of the research .....	97
7.3.1.	Academic contribution .....	97
7.3.2.	Business contribution .....	98
7.4.	Limitations of the study .....	99
7.5.	Recommendations for future research .....	99
7.6.	Conclusion .....	100
	<b>REFERENCES .....</b>	<b>101</b>
	<b>APPENDIX 1 – INTERVIEW CONSENT FORM .....</b>	<b>108</b>
	<b>APPENDIX 2 – INTERVIEW GUIDE .....</b>	<b>109</b>
	<b>APPENDIX 3 – CODEBOOK AND THEMATIC MAP .....</b>	<b>111</b>

## LIST OF FIGURES

Figure 1 Organisational lifecycle reflecting respective phases .....	3
Figure 2 Literature review roadmap .....	6
Figure 3 Founder role and leadership evolution .....	11
Figure 4 Three concepts of role theory.....	13
Figure 5 Preliminary conceptual framework.....	17
Figure 6 Illustration of new codes created - data saturation.....	23
Figure 7 Code frequency cloud .....	30
Figure 8 Themes identified from data analysis .....	31
Figure 9 Founder role evolution with subthemes - roadmap .....	33
Figure 10 Organisational performance with subthemes - roadmap .....	42
Figure 11 Human capital with subthemes - roadmap .....	48
Figure 12 Business identity with subthemes - roadmap .....	55
Figure 13 Founder behaviour with subthemes - roadmap .....	61
Figure 14 Organisational structure with subthemes - roadmap .....	69
Figure 15 Illustrative grid-matrix of founder engagement on scaling activities .....	95

## **LIST OF TABLES**

<b>Table 1 Descriptive list of participants.....</b>	<b>29</b>
<b>Table 2 Illustration of coding process – extract of a theme data structure.....</b>	<b>31</b>
<b>Table 3 Thematic analysis relating to research question 1 .....</b>	<b>32</b>
<b>Table 4 Thematic analysis relating to research question 2 .....</b>	<b>41</b>
<b>Table 5 Thematic analysis relating to research question 3 .....</b>	<b>48</b>
<b>Table 6 Thematic analysis relating to research question 4 .....</b>	<b>60</b>

## **ABBREVIATIONS**

<b>CEO</b>	Chief Executive Officer
<b>EBITDA</b>	Earnings Before Interest, Tax, Depreciation and Amortisation
<b>EO</b>	Entrepreneurial Organisation
<b>EXCO</b>	Executive Committee
<b>FMCG</b>	Fast Moving Consumer Goods
<b>GDP</b>	Gross Domestic Product
<b>HGFs</b>	High Growth Firms
<b>HR</b>	Human Resources
<b>IT</b>	Information Technology
<b>MD</b>	Managing Director
<b>SMMEs</b>	Small, Medium and Micro Enterprises

## **1. INTRODUCTION TO THE RESEARCH PROBLEM**

### **1.1. Background to the Research Problem**

In a country that faces high unemployment, officially 33.2% for Q2: 2025 as reported by Statistics South Africa (2025), small- and medium-sized businesses play an important role in job creation, as recognised by the South African government (National Development Plan, 2012). New business ventures act as catalysts in creating employment, new industries, innovations, as well as social and environmental solutions (Lee & Kim, 2024; Piaskowska et al., 2021; Shepherd et al., 2021).

According to Mhlongo & Daya (2023), as many as 90% of South African businesses, which contribute more than 50% of Gross Domestic Product (GDP) are Small, Medium and Micro Enterprises (SMMEs), however many of these businesses have high failure rates and are mostly unsustainable (Burton et al., 2019; Lee & Kim, 2024). Failure may be due to a lack of business knowledge, an unsustainable business model, or purely a mistiming of the scaling process (Lee & Kim, 2024; McDonald & Eisenhardt, 2020).

Owing to the size of a new business venture, it is evident that these organisations have limited capacity for employment creation, besides the initial founders and possible assistants they may have recruited. Crossing the bridge from startup to scale up, organisations that do manage to grow and scale their operations have a positive contribution to the economy and as a result, the national competitiveness of a country (Jansen et al., 2023). Job creation is a direct impact that results from organisational growth. The long-term sustainability of new business ventures rests with their growth and scaling ability (Bohan et al., 2024; Jansen et al., 2023).

From the inception of new ventures, founders are typically involved in all aspects of the business, from sales to finance, from strategy to operations, hence assuming multiple roles (Van Lancker et al., 2023). They are the instrumental driving force in this phase with their vision, work-ethic, culture, energy, innovation and bricolage characteristics (Shepherd et al., 2021). As these ventures grow and bring about added complexity, a need exists to taking the prevailing rudimentary state to a directed and more formalised structure, creating functional areas, specialisation and division of labour within the business during role definition, along with introducing systems and processes (Van Lancker et al., 2023).

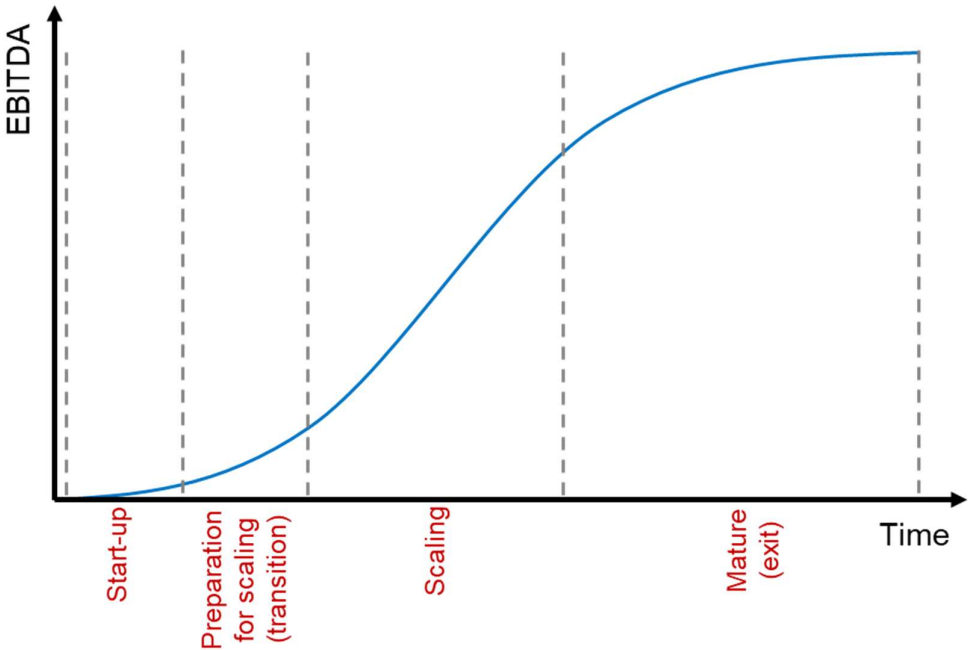
This involves amongst other, the setup of finance, operations, information technology (IT) and human resource (HR) functions and roles. Concurrent to this, the founder's role would also evolve within the organisation's context, whereby the settled work, which is a comfort zone, would need to make way for unsettled work, where the founder's role is redesigned (Hsu et al., 2021; Van Lancker et al., 2023). Biddle (1986) positions role theory as being a set normative behavioural expectations from oneself and others, which are characteristic within an organisational or social context.

Delegation of responsibilities go along with formalisation of structures, whether in-house or outsourced (Mula et al., 2024). Lee & Kim (2024) describe delegation as a "decomposition" of complex founder tasks. Often, these shifts in formalising structures and roles bring about challenges and tensions to organisation joiners and the founders, who may be deeply attached to their initial roles and ways of working (Bohan et al., 2024). Adapting to their new roles, establishing new roles and the subsequent hire of specialised or experienced leaders (joiners), along with the approach of new leadership styles may place strain on the organisation from a performance and cultural point of view (Morton & Iglesias Ruiz, 2024). The alignment and coherence of strategy to the design components of technology, structure, HR systems and management processes (Cummings et al., 2020) during the reorganisation taking place is vital (Coviello et al., 2024; Morton & Iglesias Ruiz, 2024; Van Lancker et al., 2023).

## **1.2. Research Problem**

A large amount of research has been performed on new venture creation or start-ups (Clough et al., 2019; Shepherd & Patzelt, 2022), with organisational scaling receiving much research attention too (Coviello et al., 2024; Van Lancker et al., 2023). Shepherd et al. (2021) recommends addressing the need for research at the juncture between the phases of business start-up and scaling, especially regarding the influence that the initial phase has on the latter. These two phases are often merged, which emphasises the gap for further knowledge creation (Shepherd et al., 2021). Mula et al. (2024) further points to the need for distinguishing the stage before organisational scaling – the point at which the business revisits its organisational design in preparation for scaling.

**Figure 1 Organisational lifecycle reflecting respective phases**



Source: Adapted (Picken, 2017)

In the preparation for scaling, a significant challenge faced by start-up organisations, is the need for them to adapt or reorganise their internal design of structures, systems and processes (Coviello et al., 2024; Van Lancker et al., 2023). Very little is known theoretically about the orchestration of organisational capabilities required for successful scaling and long-term sustainability. Jansen et al. (2023) suggests a knowledge gap in the understanding of organisational scaling and the inefficient disruption brought about by new talent integration, business model scaling and the introduction of new or additional resources. Lee & Kim (2024) compares scaling to a caterpillar-butterfly metamorphosis in respect of the significant transformation which the organisation undergoes.

At the juncture of preparing to scale, the founder is required to make changes to their leadership style, being less operationally involved and becoming more strategically focused (Mula et al., 2024; Van Lancker et al., 2023). This change in leadership style manifests in the form of role redefinition, which brings elements of delegation as well as professionalisation of management and leadership structures, which requires learning agility from the founder (Burton et al., 2019; Coviello et al., 2024; Lee & Kim, 2024; Mula et al., 2024; Van Lancker et al., 2023).

Failure to address these crucial changes may bring about organisational stagnation or internal conflict with co-founders or other leaders within the organisation. Founders (turning business executives) are required to strategically orchestrate the synergies from scaling and allow for employees the freedom of rapid experimentation within the business (Jansen et al., 2023; Mula et al., 2024; Van Lancker et al., 2023).

The founder's role transition in the preparation to the scaling phase remains under-researched, especially from the perspective of role theory (Van Lancker et al., 2023). The founder's ability to adapt their role and behaviour in the response to strategic and operational demands of scaling is important and is to be examined. This research seeks to investigate how founders navigate their role transition before / at scaling phase, the challenges they face and the impact of their role transition on the organisational performance and growth sustainability (Burton et al., 2019; Van Lancker et al., 2023).

### **1.3. Research Purpose**

The aim of the research is to assess the nature of the founder's role transition during the scaling phase, including the preparation for scaling (Van Lancker et al., 2023), determining the impact of start-up phase actions have on scaling (Marquis & Qiao, 2025; Shepherd et al., 2021), and finally evaluating the challenges experienced by founders and organisations during this transition period between start-up and scaling.

#### **1.3.1. Academic Contribution**

The research contributes to entrepreneurial, scaling, leadership evolution, role transition, organisational lifecycle and organisational development theoretical literature by extending the knowledge of the application of the role theory framework (Biddle, 1986) to founders in the preparation for organisational scaling.

Entrepreneurship is synonymous with new venture creation. At this early stage, there are already repercussions on subsequent scaling efforts by actions (or inactions) by the founding member(s) (Bohan et al., 2024; Lee & Kim, 2024; Shepherd et al., 2021; Shepherd & Patzelt, 2022).

Leadership evolution and role transition are challenging phases for organisational founders to have to undergo and as such, founders may grapple with guiding and focusing their attention and energy on sustainable growth and ultimately achieving efficiency through economies of scale (Mula et al., 2024; Van Lancker et al., 2023).

All organisations experience lifecycles and through that develop capabilities, resources, processes, structures and internal knowledge as they progress (Lee & Kim, 2024; Mula et al., 2024; Patzelt et al., 2021).

### **1.3.2. Business Contribution**

The research seeks to contribute to insight into scaling anticipation and the management of complex changes associated with scaling. It further aims to aid in the development of leadership role transition strategies, succession planning and organisational design practices. Finally, stakeholders such as investors, board members, consultants or other business practitioners can all benefit from a clearer understanding of founder dynamics during scaling. Better understanding leads to better enablement of organisational support by stakeholders in pursuing sustainable growth. This research will benefit businesses by providing recommendations on how to scale effectively.

### **1.4. Conclusion**

This chapter introduced the research problem, presented context around the purpose of the research, along with both academic and business contributions offered by this research paper.

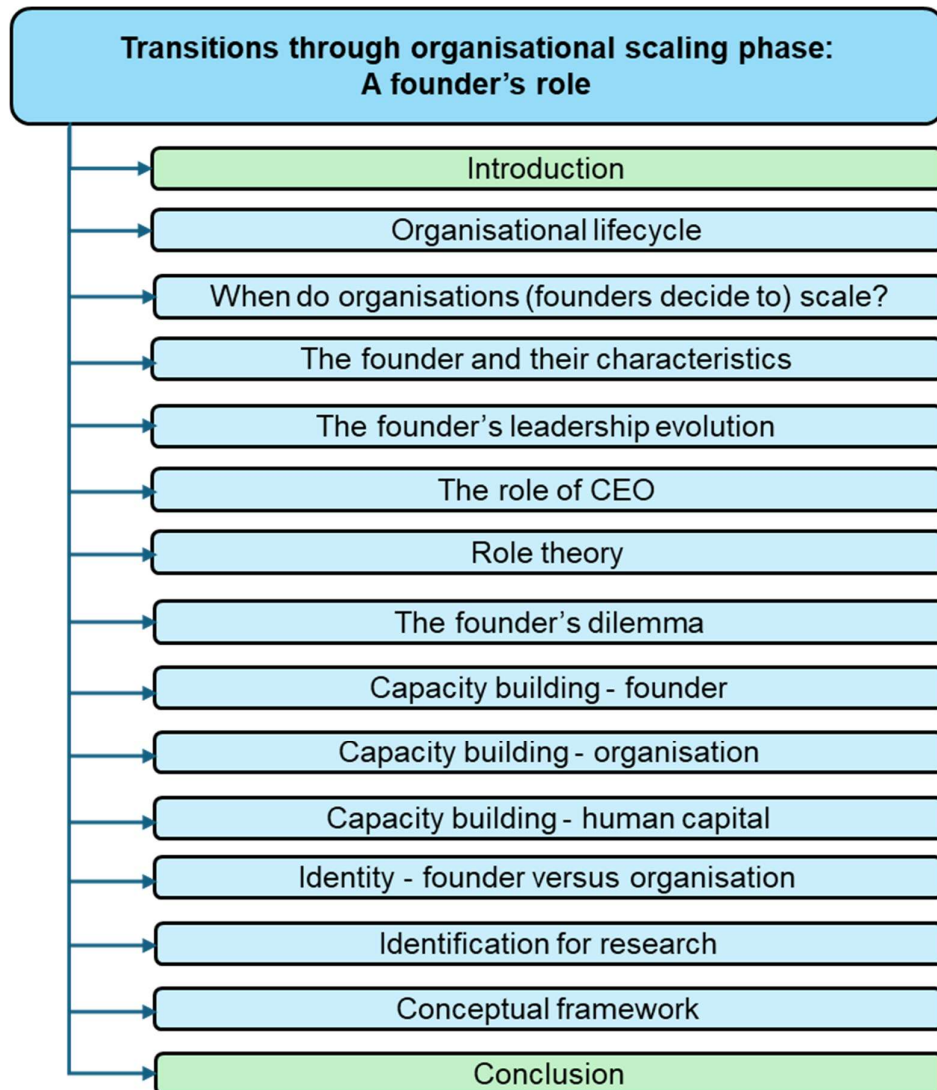
The remainder of the research document follows a literature review which examined recent academic literature, current theories and academic discourse that aids in the development of the research questions. The research questions follow, linking to major literature in their justification. The research methodology follows, with description and justification of methodology. The findings and discussion chapters follow, ending off with the research conclusion chapter.

## 2. LITERATURE REVIEW

### 2.1. Introduction to literature review

This chapter presents and reviews the extant literature in relation to the founder role transition at organisational scaling phase.

Figure 2 Literature review roadmap



Source: Researcher's illustration

The aim of this research was to provide insight into key academic themes or research streams that are pivotal to understanding a founder's role transition in the lead up and preparation of organisational scaling.

The chapter starts by outlining theory on organisational lifecycle; evaluates from a theoretical point of view, when organisations and their founders (decide to) scale; the founder and their characteristics. The chapter then delves into the founder's leadership evolution; the role of CEO; role theory; and the founders' dilemma. Capacity building for the founder, organisation and from a human capital point of view is discussed. Finally, identity from an organisational and founder point of view is discussed, before proposing a preliminary conceptual framework, identifying the need for research and concluding.

The literature review that follows should illustrate a basis of the research by providing insight into recent academic literature and current theories that aid in the development of research questions. The study aims to identify gaps in existing research and builds on this foundation for future research opportunities.

## **2.2. Organisational lifecycle**

Organisations evolve through different phases of progression, often metaphorically linked to nature's biological stages. Phases of the organisational lifecycle are inception (start-up), growth (scale-up), maturity (SMME or large business) and possible renewal or decline (Mosca et al., 2021; Patzelt et al., 2021; Picken, 2017). For the purposes of this literature review, the stages up to and including scale-up will be discussed.

A start-up is a newly created venture that may be resource constrained at the initial stages, often involved in the experimentation of testing business parameters in the establishment of a business model (Lee & Kim, 2024; Mula et al., 2024; Shepherd et al., 2021).

Scaling is a process whereby the organisational outputs (revenue) rapidly expand by means of its management intentionally mobilising, synchronising and leveraging internal capabilities, resources and processes without proportionately increasing the input (costs) (Coviello et al., 2024; Lee & Kim, 2024).

The scaling time duration is not specifically covered in literature, however (Bohan et al., 2024) refers to a time-limited period. Mula et al. (2024) argues that organisations may remain in scaling phases for extended periods of time, which had shed new light on the scaling duration. Scaling phases can extend due to new market segments obtained or innovation (Bohan et al., 2024).

High-growth firms (HGFs) (often linked to scale-ups), can scale the organisation by synchronising their business activities, grow their customer base, prioritising and enhancing their opportunities within their market, being able to replicate their business model and focusing to obtain economies of scale (Jansen et al., 2023).

Scale-up is a phase of development of an organisation with a validated business model, during which management are actively engaged in the scaling process, attempting to achieve economies of scale, boost capacity or exhibiting high growth whilst exploiting the prevailing business model (Coviello et al., 2024; Mula et al., 2024). The time difference between start-up and scale-up is the point in time where a business ceases by primarily experimenting and commencing with exploiting of a validated business model (Lee & Kim, 2024). This represents an intermediate stage of the organisational lifecycle, between start-up and mature stages, and is usually characterised by rapid growth in operations, customers and revenue (Piaskowska et al., 2021).

### **2.3. When do organisations (founders decide to) scale?**

Lee & Kim (2024) describe the initial start-up phase as an experimental process, whereby organisations perform a series of iterative tests to their core business idea, probing the market-fit for a favourable outcome. After establishing market-fit, proven value and viable monetisation, and finding the appropriate organisational cadence (Coviello et al., 2024), organisations commit resources to the business idea (Lee & Kim, 2024; Piaskowska et al., 2021). Typically, after which, high growth will ensue (Mula et al., 2024). This readiness for exploiting the business model, signals the time for scaling (Lee & Kim, 2024; Mula et al., 2024; Tippmann et al., 2023).

Many start-up organisations have the goal of scaling in mind from an early stage (Bohan et al., 2024; Jansen et al., 2023; Mula et al., 2024; Van Lancker et al., 2023). However, certain organisations deliberately choose not to scale (Lee & Kim, 2024), whilst others choose to actively slow down their growth (Mathias & Williams, 2018).

The time from business establishment to scaling varies between organisations (Lee & Kim, 2024). Coviello et al. (2024) notes that scaling is not merely reserved for new organisations, and that separate parts of the organisation might go through scaling at different times, or that an organisation might encounter multiple scaling phases in its lifetime. Palmié et al. (2023) denotes the parts or facets of the organisation that could go through scaling phases as financial, organisational, market, or volume aspects.

#### **2.4. The founder and their characteristics**

A founder is defined as a person who facilitates and (co-)creates a new business venture and mostly responsible for the management of the start-up process (Shepherd et al., 2021). Much of the organisation's early success rests on the founders and their decision-making capabilities (Shepherd & Patzelt, 2022), with founder's typically being decision-makers and coordinators simultaneously (Desantola & Gulati, 2017). Possessing self-control, self-awareness and self-regulation, allows the founder to focus on their decision-making and cognitive clarity on goal alignment (Nambisan & Baron, 2021). This self-awareness being the desirable outcome from the person's (founder) own perspective (Anglin et al., 2022).

In the early stages of the organisation's life, founders often need to improvise, experiment and bootstrap in the pursuit of opportunities (Busch & Barkema, 2021). It is important for the founder to be able to exercise ambidextrous leadership, which is the ability to maintain two distinctly different activities, namely exploration and exploitation (Gianzina & Paroutis, 2025; March, 1991). The exploration side requires the leader to be entrepreneurial, innovative and visionary, while the exploitation side requires the leader to balance the exploration and exploitation (O'Reilly & Binns, 2019) in the quest of achieving coherence within strategic structures. Mathias & Williams (2018) makes reference to the founder as being the keeper of the organisation's vision.

The founder has to find a balance between risk appetite and risk aversion, with risk tolerance required when utilising resources, which may be scarce, and continually experimenting to achieve product market-fit (Piaskowska et al., 2021). Professional judgement and decisiveness are required in trade-offs when utilising scarce resources, especially when the prevailing conditions are uncertain (Monteiro, 2019; Wasserman, 2017).

Founders are required to be agile in their learning, possess a growth-mindset and obtain necessary skills and knowledge to navigate successfully when facing rapidly changing environments, by applying the learnings to the challenges they may face (Mula et al., 2024). Founder resilience and their positive psychological traits such as optimism, hope and persistence, with clear goals, have been linked to positive firm performance (Hartmann et al., 2022; Shepherd et al., 2021; Shirokova et al., 2025).

## **2.5. The founder's leadership evolution**

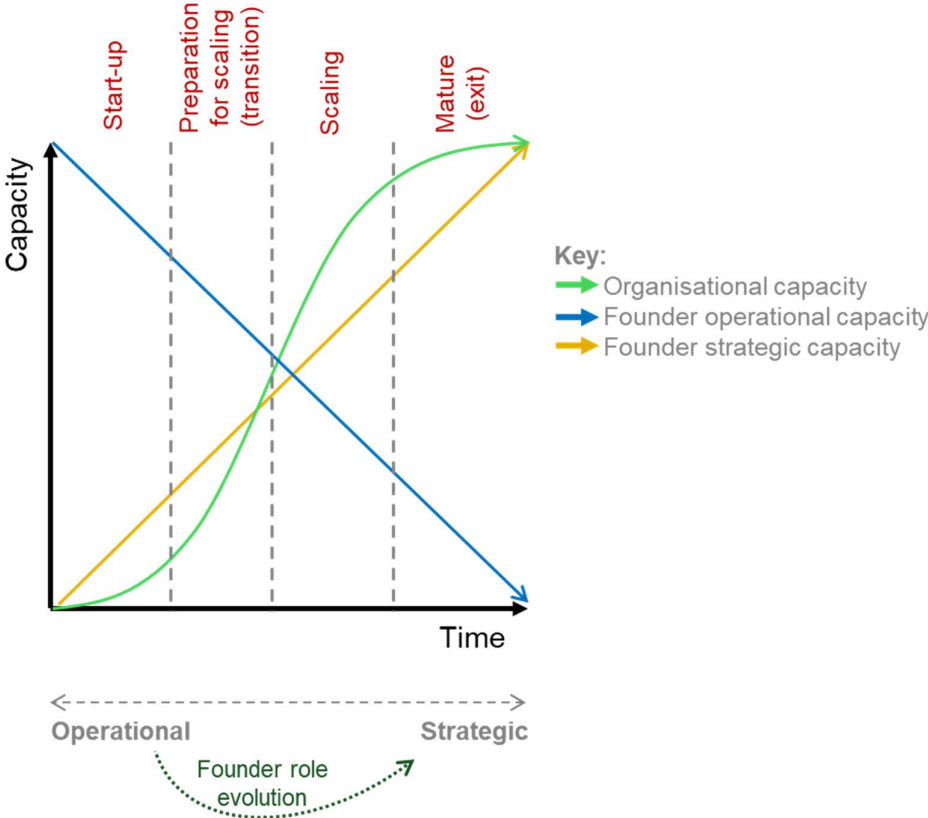
In the early stages of a new venture, the founder is typically engaged in multiple roles and aspects of the organisation (Van Lancker et al., 2023). Organisations at their early stages, might typically have their founders portray the characters of both entrepreneurs and managers (Mosca et al., 2021). In the case of multiple founders, the roles are typically divided amongst the founders based on expertise and preference (Van Lancker et al., 2023). With organisational growth and increased complexity, the founder is required to delegate certain aspects of their work, as well as setting up a formalised organisational structure (Mula et al., 2024; Van Lancker et al., 2023).

There are different skillsets required for creating new ventures and the start-up phase compared to preparing organisations for scaling (Shepherd & Patzelt, 2022). Shepherd & Patzelt (2022) further pose that this transition from organisation exploring to exploiting coincides with the departure from centralised, individual decision-making to participative, executive team decision-making. This illustrates a clear shift from entrepreneurial management or jack-of-all-trades to professional management (Van Lancker et al., 2023).

At this juncture, the founder will likely move into a position of having a single role, mainly pertaining to strategy development, with the joiners being tasked with strategy implementation (Van Lancker et al., 2023). With additional freedom being afforded to the founder due to delegation, the founder must ensure organisational autonomy (Mula et al., 2024). During the transformation process of preparing to scale, founders in their own role respects are challenged in their agility, learning and knowledge-building capabilities (Mula et al., 2024).

The figure below illustrates the progression of time and the organisation moving through the various lifecycle phases. The organisation's capacity increases over time due to various initiatives, the discussion of which follows. Occurring at the same time, the need for the founder to be operationally involved, decreases. Also occurring at the same time, the need for the founder to be strategically involved, increases (Van Lancker et al., 2023).

**Figure 3 Founder role and leadership evolution**



Source: Researcher's illustration based on literature from (Van Lancker et al., 2023)

## **2.6. The role of CEO**

The lack of management experience is a clear disadvantage to a founder in the transition to the position of chief executive officer (CEO) in a growing organisation (Abebe et al., 2020; Lange et al., 2023). The founding CEO may potentially not be suited to the position of CEO in the long-term as a result of the organisation outgrowing the founding CEO's managerial capabilities (Abebe et al., 2020; Wasserman, 2017).

As such the organisation may need to hire an experienced, seasoned CEO (Abebe et al., 2020; Wasserman, 2017). Lee & Kim (2024) refer to the founding members' lack of expertise as a "crisis of leadership" and "growing pains", which is aligned to Greiner's growth model (Greiner, 1997). This may bring about another set of challenges such as the founder's willingness to relinquish control (Mula et al., 2024). Founders may not be suited to managerial responsibilities, yet refuse to step aside, which may create internal conflict within the organisation (Greiner, 1997).

## **2.7. Role theory**

Role theory is an expectation of characteristic behaviour from oneself and others within the relevant environmental context (Biddle, 1986; Van Lancker et al., 2023). Hence, behaviour can be predicted by understanding the role of an individual and matching that to the expected behaviour from such a role (Van Lancker et al., 2023). Role transition, which may be temporary or permanent, entails psychological change and involves the disengaging from one role and the engaging in another (Anglin et al., 2022; Van Lancker et al., 2023).

An individual moving into a new role, should thus actively choose to drop certain prior roles as they transition into a new role (Mathias & Williams, 2018) and adapt their behaviour in response to changing expectations within the organisational position (Anglin et al., 2022). Evolving from a jack-of-all-trades founder role to a strategic and specialised executive brings about both internal and external pressures such as role ambiguity and role conflict (Van Lancker et al., 2023).

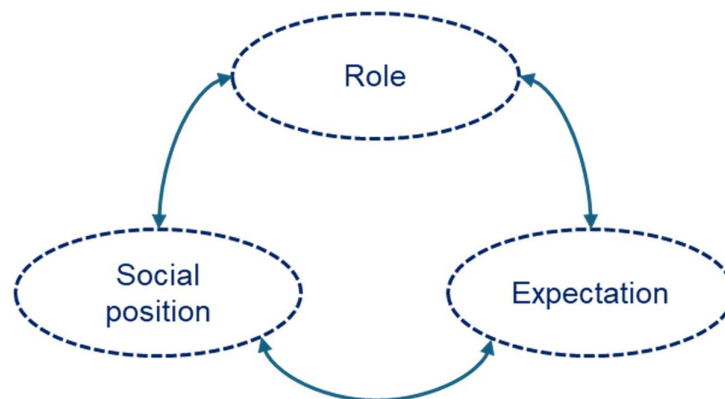
Demands from multiple demands and tasks leads to internal friction (Biddle, 1986). Conflicting behavioural expectations and unclear boundaries due to role ambiguity (Anglin et al., 2022) may result in poor work performance (Van Lancker et al., 2023) or conflict when an individual's role identity is challenged (Anglin et al., 2022). When roles and tasks are incompatible within this initial phase, role conflict is created (Nambisan & Baron, 2021).

In the preparation for scaling, founders should clarify their own role identity yet remain agile in response to the changing business landscape (Abebe et al., 2020; Monteiro, 2019). The role transformation of a founder has a significant psychological identity-based journey associated with it.

The justification of role theory in this research is aligned to the history of the theory itself. Originating as a theatrical metaphor, the theory follows. As actors have “scripts” and “parts” for their roles, they are constrained to act in differentiated and predictable ways (Biddle, 1986).

Taking this into a social context, humans are much like actors that behave based on “scripts” and “parts”. As such, the theory revolves around three concepts, being role, social position and expectation – refer to figure below for illustration. The role being social behaviour, which is characteristic and patterned, the social position being the participants assuming parts or identities, and expectation being the script of behaviour which is understood by performers. Role theory hence explains the behaviour of human beings, being different and predictable (Biddle, 1986).

**Figure 4 Three concepts of role theory**



*Source: Researcher's illustration based on literature from (Biddle, 1986)*

## **2.8. The founder's dilemma**

The founder's dilemma highlights the tension faced by founders between maintaining control and enabling growth (Wasserman, 2008). The formalisation of organisational structures which includes the hiring of experienced managers may lead to tension between the founders and joiners (Lange et al., 2023; Mula et al., 2024; Van Lancker et al., 2023). Mula et al. (2024) points to the necessity of successful steering through trade-offs between founders and management.

The transition period between the start-up and scaling up phases encompasses a link between the entrepreneurship and strategic management fields (Shepherd et al., 2021). Centralisation of control can be detrimental to business success, especially at the latter stages of start-up phase when the organisation prepares for scaling (Lee & Kim, 2024; Monteiro, 2019; Wasserman, 2017). Failure to relinquish control to joiners employed into management, may have implications of bottlenecks or operational overloads, which may hinder the desired development (Monteiro, 2019; Shepherd & Patzelt, 2022). Building the required organisational structures and employing the right-fit talent into management positions, can work to alleviate the potential tension.

## **2.9. Capacity building - founder**

Mula et al. (2024) posits that a growth mindset and possessing learning agility greatly increases the founder's chances of success. External sources of knowledge such as coaching or mentorship may benefit founders (Mula et al., 2024). As such, mentoring has the ability to elevate the founder's capabilities, especially so for first-time founders (Kuratko et al., 2021).

## **2.10. Capacity building – organisation**

Burton et al. (2019) suggests three elements that are fundamental to organisational design, namely the structure, decision systems and managerial practices. Organisational scaling adds complexity to the operations, bringing about a need to take the rudimentary state to a formalised structure with functional departments, including a division of labour within the business (Burton et al., 2019; Van Lancker et al., 2023).

The introduction and revision of systems and processes should accommodate formalisation, however it should be noted that this may have an impact on organisational culture (Morton & Iglesias Ruiz, 2024). Bohan et al. (2024) suggests that information processing systems that may have legacy attachments also require an overhaul during the scaling phase.

Identifying suitable partners that are able to collaborate with the organisation in a trustworthy manner is an important factor assisting the organisation in either managing their resources or providing resources to the organisation (Clough et al., 2019; Marcon & Ribeiro, 2021). Business performance measurement and decision-making can be greatly improved through data collection and analysis, enabling the founder with autonomous capabilities around information (Yin et al., 2019).

### **2.11. Capacity building - human capital**

Mula et al. (2024) states that building capacity in the preparation for scaling is crucial, such as the recruitment of specialised managers. Organisational founders require human capital in further enabling the extraction of value from the business model (Bort, 2025). Lee & Kim (2024) identified that in the preparation for scaling, certain organisations actively capacitate their organisations through new hires ahead of time, in an act to prevent disorder during scaling which should bring about complexity and added workload. Clear policies and procedures serve to eliminate role ambiguity and provides direction (Burton et al., 2019; Van Lancker et al., 2023).

Opportunity for growth within the organisation exists for early joiners who “enter the lift on the ground floor”, who may play a large role in the organisation’s future (Bort, 2025; Van Lancker et al., 2023). Hence these early joiners might have specific motives to becoming future leaders within the organisation.

Joiner leaders should be afforded the freedom to perform the tasks for which they were appointed, with founders avoiding micromanagement (Mula et al., 2024). Employee empowerment practices, have a positive impact on productivity and performance (Yin et al., 2019). Human capital development plays a large part in further capacitating the organisation in reaching their goals. Internal knowledge sharing by developing “how to” guides also assist in internal development (Mula et al., 2024). Lange et al. (2023) suggests the implementation of incentives to ensure occurrence of development.

## **2.12. Identity – founder versus organisation**

Individual employees in the organisation, have an interdependence on one another, forming a collective organisational identity (Patzelt et al., 2021). Mula et al. (2024) further links organisational identity to culture, communication and collaboration with stakeholders. Organisations may in addition to skills and expertise, seek culture-fit when engaged in employment (Van Lancker et al., 2023).

Founders have the ability to shape the organisational culture by imprinting their strategy, vision and culture (Abebe et al., 2020). Furthermore, founder who have a sense of uniqueness, may pursue self-interest and private goals in the organisational creation and subsequent running thereof, known as Darwinian identity (Shepherd et al., 2021). Founders tend to view their roles in the light of an identity classification on a personal level, rather than having a role with a description (Coviello et al., 2024; Van Lancker et al., 2023).

A shift occurs from the start-up phase to the scaling, where founders are capacitated to focus more on business development, and delegate the granular details to joiners (Mathias & Williams, 2018). During this period, founders tend to increase their focus to being more customer-centric (Van Lancker et al., 2023). The founder formalises and incorporates into their role, building relevance for the organisation with external stakeholders – represented by unsettled work where the founder role is redesigned (Hsu et al., 2021).

Building relevance with stakeholders addresses a mismatch between the underlying qualities that the organisation has to offer and the qualities being sought by customers. This information asymmetry can be addressed through obtaining testimonials, references or certification (Clough et al., 2019). Organisations may also seek to improve their credibility or perception signalled externally, by the appointment of credible leaders (Desantola & Gulati, 2017).

### 2.13. Conceptual framework

By correlating role theory as described by Biddle (1986), the expected behaviour of the founder from stakeholders within the relevant contextual environment, the researcher has conceptualised a framework involving founder engagement with scaling activities. The engagement can be compared to the contextual behaviour from the founder. The scaling activities (Mula et al., 2024) involve but are not limited to formalisation of departments (Burton et al., 2019), learning agility through mentorship (Kuratko et al., 2021), or hiring new talent (Lee & Kim, 2024).

**Figure 5 Preliminary conceptual framework**



*Source: Researcher's illustration based on role theory (Biddle, 1986) and scaling activities (Mula et al., 2024).*

### 2.14. Identification for research

Research on the internal organisational activities and managerial agency prior to organisations transforming from start-up phase to preparing for scaling is largely under-researched (Coviello et al., 2024; Mula et al., 2024). The interface between the start-up and scale-up phases deserves further exploration to understand the need for transition, as well as the ways of working during the implementation of the transition (Shepherd et al., 2021).

Van Lancker et al. (2023) had performed research on role theory within the context of organisations preparing for scaling by selecting a case study strategy, however recommend future research by collecting data through interviews or questionnaires, to assess the success of scaling and the role transition.

## **2.15. Conclusion**

This chapter provided a comprehensive review of the extant literature on the topic of the founder's role in the organisation scaling transition. The organisational lifecycle phases were highlighted, noting the under researched part of preparation for scaling. Founder intentions on scaling and founder characteristics were discussed. The founder's evolution, culminating in the founder's dilemma of CEO suitability was discussed. The theory, being the overarching framework used in the research was described with history. Finally, a preliminary conceptual framework was developed.

The chapter that follows will present the main and overarching research question, followed by the research questions and their aims.

### **3. RESEARCH QUESTIONS**

#### **3.1. Introduction to the research questions**

This chapter will present the research questions that have been formulated from the main and overarching research question. Based on the literature review conducted in the previous chapter, these research questions form the basis of the study.

#### **3.2. Main and overarching research question**

The main and overarching research question for this study is: **How can founders evolve with the scaling of their businesses?**

Managerial agency and organisational activities from start-up to scaling have been largely under-researched (Coviello et al., 2024; Mula et al., 2024). The interface between start-up and scaling also presented opportunity for research (Shepherd et al., 2021). Van Lancker et al. (2023) performed case study research and suggested other forms of research be performed on the founder's role evolution in the preparation for scaling. Hence, the researcher framed the overarching research question, which forms the basis of the research questions and interview guide questions.

##### **3.2.1. Research question 1**

**What is the nature of the founder's role transition during the transition period between start-up and scaling?**

The aim of this research question was to establish the nature of the founder's role transition during the business scaling phase. This question is specifically aimed at understanding the role transition pre-scaling, during scaling and post-scaling (Mosca et al., 2021; Patzelt et al., 2021; Picken, 2017).

### **3.2.2. Research question 2**

#### **How does the founder's ability to transition roles impact the growth sustainability and organisational performance?**

The aim of this research question was to understand what the founder role transition's impact had on organisational performance during the scaling phase. This question is specifically aimed at understanding how the founder was able to impact the organisational performance through their role transition, including the subsets of their role relating to business performance (Shepherd et al., 2021).

### **3.2.3. Research question 3**

#### **What are the insights gained from the challenges faced during the transition period between start-up and scaling?**

The aim of this research question was to understand what the insights gained and challenges faced were during the scaling period and the impact that it had on the founder role transition, including possible tensions (Mula et al., 2024). The question is specifically aimed at understanding what the impact of human capital (Bort, 2025), and business identity was on the founder role transition (Mula et al., 2024; Patzelt et al., 2021).

### **3.2.4. Research question 4**

#### **How can a founder prepare for business scaling?**

The aim of this research question was to understand how the founder goes about preparing to scale their organisation, including the founder behaviour (Mula et al., 2024; Shepherd & Patzelt, 2022), and the organisational structure (Van Lancker et al., 2023). Specifically, the impact of these two themes on the role transition of the founder.

## **4. RESEARCH METHODOLOGY**

### **4.1. Introduction to research methodology**

This chapter will be presenting and discussing the methodology and design used in answering the research questions. The literature review formed the basis of the research questions and subsequent design and methodology.

### **4.2. Choice of research methodology and design**

The purpose of the research design was exploratory, to gain a better understanding of the founder's role transition in the period between start-up and scaling. In order to conduct exploratory research and gain an understanding on the research questions, semi-structured interviews were conducted with open-ended questions. Semi-structured interviews allow for interviews to remain focused, with the benefit of flexibility of exploring key concepts that arise during interviews, that may add to the understanding of the founder's role transition (Adeoye-Olatunde & Olenik, 2021; Saunders & Lewis, 2019).

Due to the interview data being subjective, open to interpretation and exposed to human bias, the philosophy needs to be interpretivist. A qualitative nature is well suited to interpretivist philosophy (Alharahsheh & Pius, 2020; Saunders & Lewis, 2019). The inductive approach was selected due to observations and occurrences that were used in formulating propositions. Induction is a bottom-up theory building approach, with the theory reliant on the data (Adeoye-Olatunde & Olenik, 2021).

A mono-method qualitative methodological choice was followed as a single set of interviews were conducted with participants over a period (Saunders & Lewis, 2019). The phenomenology strategy was used as it is suitable to exploratory research, enabling a detailed and contextual understanding to be developed through the individual's "what" and "how" lived experiences (Tomaszewski et al., 2020). Due to the time limitation of the study period, a cross-sectional study is performed with data collection at a specific point in time (Saunders & Lewis, 2019).

### **4.3. Population**

The population consisted of business founders, CEOs, managing directors (MDs) or chairpersons of revenue generating, or for profit SMMEs within South Africa. The population is typically known as business elite as described by Ma et al. (2021). These were founders, CEOs, MDs or Chairpersons that were at the helm of the respective businesses during their scaling phase, hence possessed first-hand knowledge and understanding that shared insight into the transition of the founder's role. A benchmark of businesses having been in operation for five years or longer was used, which was indicative that the business had outgrown the start-up phase, prepared to scale and subsequently in the scaling phase, or have scaled.

### **4.4. Unit of analysis**

The unit of analysis for this study was the perceptions of the individual top leaders of SMMEs within South Africa, namely the founders, CEOs, MDs and chairpersons.

### **4.5. Sampling method**

The sampling frame entailed entities that had displayed the characteristics of having scaled within the population, being SMMEs in South Africa. As a result of businesses not required to publish their financial results, obtaining a complete list of eligible entities was not possible, hence non-probability sampling having been used (Saunders & Lewis, 2019). The sample was thus not representative of the population statistically.

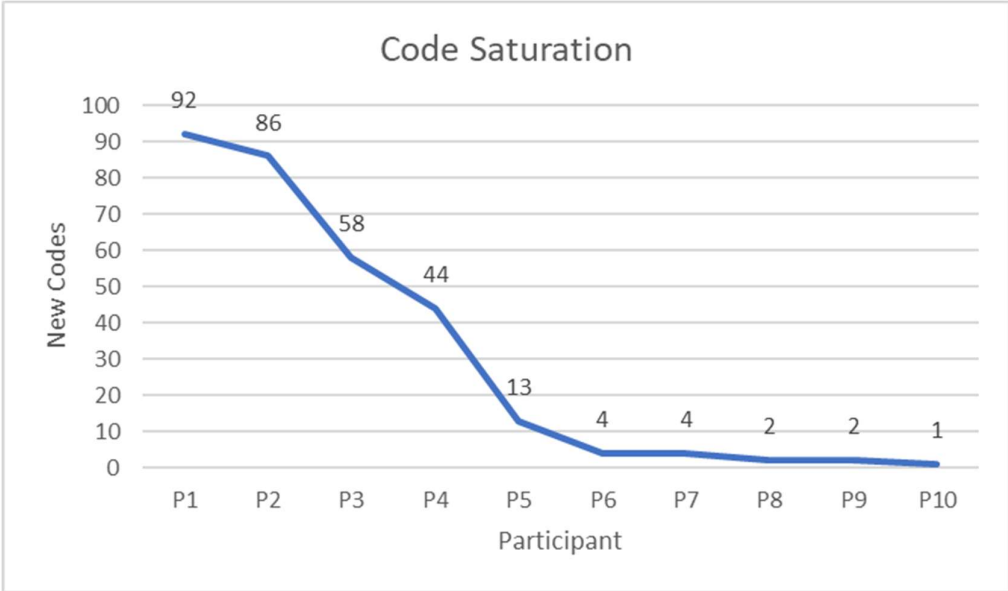
Purposive sampling was used in sample selection, with the researcher actively choosing respondents who were in the best position to answering the research questions, enhancing understanding through depth and focus. Access to participants was gained through personal and professional networks as well as making use of professional networking platforms such as LinkedIn and WhatsApp research community groups. Matching the sample to the research objectives enhanced data and results reliability and further ensured the best use of limited research resources (Campbell et al., 2020). SMMEs that had displayed the characteristics of having scaled on either a product or service level were selected.

In establishing contact with the potential research participants, the researcher validated their eligibility by verifying that their businesses had, according to the chosen definition of scaling for this research; 1) rapidly expanded their revenue, 2) through management's intentional mobilisation of internal capabilities, resources and processes, without proportionately increasing their input costs.

The researcher had set the initial sample size at 12 participants, as he believed that that would be the saturation point, whereafter little to no new information will be observed from the data (Guest et al., 2006). Through the process of analysis, data saturation was reached by interview number six, hence the researcher limiting the participant interviews to 10. Refer to the figure below, which reflects code saturation. Purposive sampling was used for the researcher to be able to make logical generalisations from a firm understanding of the data collected and its context.

A heterogeneous purposive sampling variety was used, reason being to obtain maximum variation possible in the sample data collected, with sufficiently diverse characteristics (Saunders & Lewis, 2019; Short et al., 2002). As such the underlying premise was that patterns would emerge from the data that would likely result in representing themes (Saunders & Lewis, 2019; Short et al., 2002).

**Figure 6 Illustration of new codes created - data saturation**



#### **4.6. Measurement instrument**

The interview guide was the measurement instrument in this qualitative study, as shown in appendix 2. The interviews were all conducted virtually, as businesses are geographically dispersed across South Africa.

An interview guide was developed for specific questions and topics to be discussed, in order to ensure consistent data collection and reciprocity between the interviewer and participant (Kallio et al., 2016; McCracken, 1988). Furthermore, preparation for the interview was important and performing company specific research prior to the interview showed genuine interest in the business, which aided in keeping the participant engaged and creating a worthwhile interview experience (Ma et al., 2021; Saunders & Lewis, 2019).

#### **4.7. Data gathering process**

For consistency, all interviews were conducted virtually. The video function was switched on, hence it was important to be well presented and remaining cognisant of nonverbal cues during the interview (Degroot & Gooty, 2009).

Additionally, a pilot test was conducted with the researcher's spouse, to ensure that the questions and topics can be understood and not lead the participant, in order for unbiased data to be collected. The pilot test will pointed to any possible problems with questions as well as provided an indication of the overall duration of the interview (Saunders & Lewis, 2019).

The interviews were recorded after gaining consent from the interview participants. The recordings were transcribed to text for data analysis that was done. Establishing trust with the participant was important for credibility and safeguarding reputation, hence data should be dealt with in a confidential manner, including a guarantee to the participant to ensure trust and confidentiality (Ma et al., 2021).

Research data will be stored both on a physical external hard drive, as well as on the researcher's personal Google drive for a period of 10 years post the final submission of this report.

#### **4.8. Data analysis approach**

A thematic analysis of the collected qualitative data was done using six phases of analysis in the process demonstration (Braun & Clarke, 2006). In brief, the phases are: 1) getting familiar with the data, 2) generation of initial codes, 3) searching for themes, 4) review of themes, 5) definition and naming of themes, and 6) producing of a report. These phases were described in detail under the process of analysis heading in the findings, chapter five.

#### **4.9. Research ethics**

The researcher obtained research ethics for the Gordon Institute of Business Science (GIBS) Ethics Committee prior to commencement of data collection. All participants were requested to complete and sign consent forms and be assured of confidentiality.

#### **4.10. Quality controls**

Quality was ensured in this qualitative study through a verification strategy to achieve reliability and validity as described by Golafshani (2003) and Morse et al. (2002), being encompassed by credibility, transferability and trustworthiness.

##### **4.10.1. Credibility**

Credibility was sought by the adequate description of researcher experience through a demonstration of engagement with participants (Cope, 2014). Credibility was supported in this qualitative study by means of the researcher conducting thematic analysis on each participant's data, on an iterative basis, observing participants describing the same or similar experiences to one another (Cope, 2014).

##### **4.10.2. Transferability**

Transferability was ensured so that the research findings should be relevant to other studies (Cope, 2014). The study represents data obtained from a wide demographic spectrum and as such the findings are transferable to other founders in South Africa (Cope, 2014).

### **4.10.3. Trustworthiness**

Trustworthiness was ensured through ensuring the data is dependable, confirmable and authentic (Cope, 2014).

Dependability, reliability and consistency was ensured by the recording of the interviews, whereby the researcher or indeed another party could refer back to the interview, ensuring an inquiry of audit will be passed (Golafshani, 2003).

Confirmability was ensured by providing rich quotes in the findings chapter, that depict the emergent themes (Cope, 2014). Furthermore, during interviews the researcher would seek confirmation about responses from participants in case of ambiguity, to ensure validity of information (McCracken, 1988).

Authenticity was ensured by the reader being able to grasp the participant's experiences through the quotes provided in the findings chapter (Cope, 2014).

Establishing trust with the participant added to ensuring that that data gathered was authentic (Ma et al., 2021). With business elite participating in the interviews being traditionally dominant figures, structuring the interview to remain flexible, further ensured authenticity of data collection (Ma et al., 2021).

## **4.11. Limitations**

No research is perfect, with the shortcomings to be noted. The limitations that are identified are as follows:

### **4.11.1. Sample size**

Findings cannot be generalised due to the small sample size.

#### **4.11.2. Researcher bias**

Due to predisposed ideas about business scaling as well as the interpretivist philosophy leaving data open to interpretation, the researcher might have bias toward the outcome of the study. This will be counteracted by designing the interview questions and discussion topics in a way to eliminate bias and obtain the most absolute data possible.

#### **4.11.3. Interview participant bias**

Certain interview participants might prepare for the interview by cognitively drafting pre-emptive questions and answers. Although the research design points to semi- and unstructured open-ended questions, the researcher will endeavour to keep to the preformulated topics and questions as far as possible.

#### **4.11.4. Time horizon**

The duration of the cross-sectional study due to the time constraint results in a snapshot of the status quo of business scaling during the year of conducting the research. As such, reliance on the outcome of findings should not be placed beyond what is deemed reasonable by the future reader of this report.

#### **4.11.5. Industry and geographic location of study**

The findings of this study are limited to South African businesses. It can be recommended that future research is done in other countries than South Africa.

#### **4.11.6. Interview difficulties**

Finally, all of the interviews were conducted via MS Teams. On occasion, interviewing two of the participants, the line dropped or was unclear. The researcher would, where appropriate request the participant to repeat themselves, however there are limitations and it may become rude to ask them to repeat too many times.

## **5. FINDINGS**

### **5.1. Introduction to the findings**

This chapter presents the key findings to the research questions on founder role evolution during the organisational scaling phase. The data collection process was done through conducting semi-structured interviews with the research participants. The findings are presented by manner of results to the research questions, as presented in chapter three, through the identification and analysis of themes. These themes emerged during the interview data analysis process. The results are supported by verbatim participant quotations, to support and substantiate the findings.

The chapter starts with a research sample description and overview, providing context around industry and period leading up to scaling. A process of analysis of findings follows. Finally, the research questions are addressed through a qualitative analysis of the research participants lived (real world) experiences of the phenomenon.

### **5.2. Sample description**

A total of 10 participants were interviewed for this study, all of whom had been verified as business founders through references and during the interview. The participants ranged from CEOs, MDs, Chairpersons, as well as participants that have exited their organisations. All of the participants started their business ventures in South Africa, a balanced mix from various industries and levels of experience in order to add to the richness of the data. The ages, genders and races were not recorded as they were not considered relevant to this study, as the study concentrated on founder role evolutions of South African businesses. Alphanumeric codes were assigned to each participant in order to preserve confidentiality.

Interviews were all conducted in English. All, bar one of the interviews were conducted using Microsoft Teams. One of the participant's computer microphone did not pick up during the interview and a WhatsApp call with the participant was made instead. All of the interviews were done virtually, so as to keep consistency in the data gathering method.

The table below provides a contextual summary of the research participant's business industry, geographic location of new business venture (start-up) commencement, current business footprint (post scaling), time from commencement of business to scaling phase, as well as the total length of each interview.

**Table 1 Descriptive list of participants**

<b>Participant</b>	<b>Industry</b>	<b>Geographic location (start-up)</b>	<b>Geographic footprint (current)</b>	<b>Time from start-up to scaling</b>	<b>Interview time length (hr, min)</b>
P1	Enterprise software services	Gauteng	Global	6 years	46 min
P2	Asset management	Gauteng	Global	3 years	59 min
P3	Education	Gauteng	South Africa nationwide	1 year	20 min
P4	Management consulting	Gauteng	Southern Africa	2.5 years	40 min
P5	Engineering works	Limpopo	South Africa nationwide	3 years	55 min
P6	Transport	Western Cape	South Africa nationwide	15 years	1 hr 2 min
P7	Engineering works	Mpumalanga	South Africa nationwide	2 years	44 min
P8	Engineering works	North West Province	Southern Africa	5 years	42 min
P9	Retail apparel	Gauteng	Global	6 months	57 min
P10	Building design consulting	Gauteng	South Africa nationwide	3.5 years	34 min

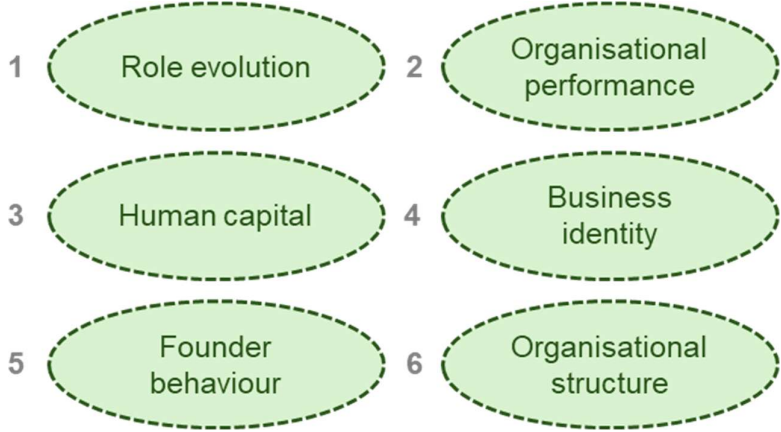
The total time spent interviewing the participants was 7 hours, 43 minutes. The average time for these organisations from start-up to scaling was roughly 4 years and 2 months.



**Table 2 Illustration of coding process – extract of a theme data structure**

Quotation examples	Primary code	Code Group / Category	Theme / Concept
<i>"I went from working in a garage with one assistant to operating 2 to 3 offices with 250 employees, so there was a big jump in terms of scaling and in that I realized that my technical abilities are not enough." (P5)</i>	Role prior to scaling	Founder role	<b>Role Evolution</b>
<i>"I realised that my job had a shift from doing the work to building an organisation that can do the work repeatedly at scale. So that's when I began preparing the business, not just to take bigger orders, but to handle complexity without breaking the culture of the quality." (P7)</i>	Orchestration of business	Founder role	
<i>"...versus before, it was probably around 90% working in the business because you're meeting the clients, want them to trust your business, so they must see your face. So, it's definitely a switch." (P4)</i>	In the business	Sole founder	

**Figure 8 Themes identified from data analysis**



#### 5.4. Analysis of research question findings

This study set out to answer the following main and overarching research question: How can founders evolve with the scaling of their businesses? Additionally, the study set out to address four research questions, as outlined in chapter three, with the analysis of each question to follow.

##### 5.4.1. Findings: Research question 1

#### What is the nature of the founder’s role transition during the transition period between start-up and scaling?

The aim of this research question was to establish the nature of the founder’s role transition during the business scaling phase. This question is specifically aimed at understanding the role transition pre scaling, during scaling and post scaling. The question further aimed at understanding the skill or mental requirements required through the scaling phase, as well as learnings the founder had taken from their role transition during the scaling phase.

The theme that emerged from 54 primary codes and 8 code groups is role evolution. The analysis of this theme follows.

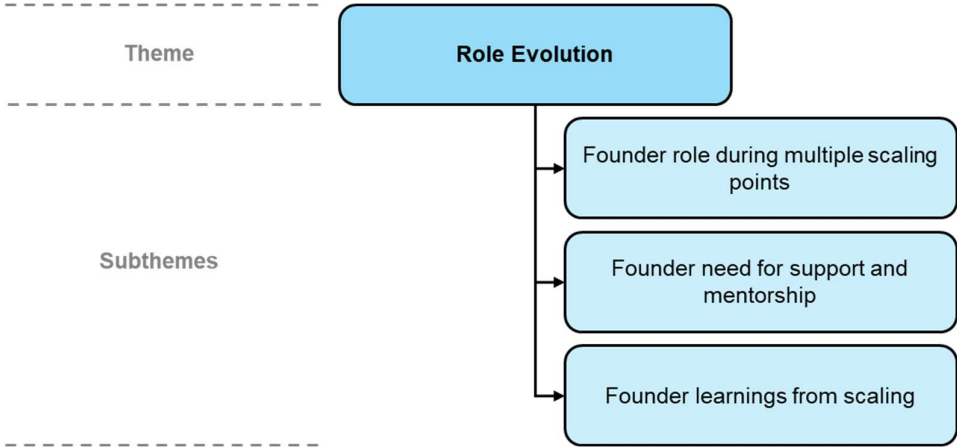
**Table 3 Thematic analysis relating to research question 1**

Research Question	Number of primary codes per group	Code Group / Category	Theme / Concept
1	1	Background	Role Evolution
	13	Founder role	
	8	Mentor	
	13	Scaling learnings	
	3	Sole founder	
	10	Support	
	3	Time before scaling	
	3	Venture creation reason	

##### 5.4.1.1. Theme: Role Evolution

This theme captures the essence of the founder role evolution and the subthemes that relate thereto. The various subthemes are founder role during multiple scaling points, founder need for support and mentorship, and founder learnings from scaling.

**Figure 9 Founder role evolution with subthemes - roadmap**



**Founder role during multiple scaling points**

The first subtheme, all the participants had unanimous recognition about the definite role evolution from the start-up phase, into the scaling phase and beyond. This can be represented by the start-up phase role, scaling phase role and the role beyond scaling, where applicable.

It is important to note that although all of the participant’s businesses had scaled by most definitions, some of the founders were of the opinion that their businesses were still in the process of scaling at the time of interview.

*“I mean, we’re still scaling...” (P3)*

Placing this into perspective, this organisation started its scaling phase in 2013, with the interviews taking place in 2025.

*“The scaling period ran over the better part of 10 years and in fact, we didn’t stop scaling.” (P2)*

From the above, it can be seen that the organisational scaling phase can thus take in excess of 10 years.

It is also important to note that amongst the participants interviewed, not all of the founders had the intention of scaling their organisations.

*“We never had a size objective or had an objective to scale.” (P1)*

*“I would say it kind of just happened in that sense and wasn't necessarily planned to go into the process of scaling.” (P10)*

During the start-up phase and initial period of the business, all the participants validated the point of being involved in most if not all aspects of the business. There may have been a team of multiple founders, or a founder with some assistants, however by enlarge the founder's role at the onset leaned heavily to an operational position.

*“...you need to be a jack of all trades. You need to do the administration side, the accounting side, do client consultation, site meetings... So, a lot of that fell onto my own responsibility and doing everything myself.” (P10)*

*“I was everywhere, from estimating, buying, supervising, quality checks, client updates...everywhere. And if we were tight, I would jump onto the [welding] torch sometimes.” (P7)*

*“Your focus is different, pre-scaling you're just trying to keep things together and get it and get it up and running. At the beginning, there's like two or three of you... At the beginning you're a bit of everybody, everything. From having to clean, receptionist, to collecting fees... Your role is multifaceted, you just have to do whatever it takes.” (P3)*

The experience of the participants of their roles during the startup phase was that it did not offer much opportunity for strategic thinking, as they were heavily involved in the day to day running of their businesses.

During the period leading up to scaling, some of the participants described being overburdened, either by the volume of their workload or having shortcomings in certain areas that required experience or specialisation. The founders recognised that they would have to seek capacity through the appointment of staff, or by outsourcing certain functions.

*"I was being snowed under..." (P6)*

*"During the preparation for scaling I went through...a crucible. I sank into depression because of being overwhelmed by business issues... And I needed to come out of that stronger and better with the notion and understanding that I'm feeding a lot of families." (P5)*

*"Early on there's the recognition that we need to scale. And it's like OK, how am I going to do this? Well, by design, I can't scale on my own, I need others. So, we built the capability of the team, we built out the team in inverted commas. We've got a bigger boat. Now the boat needs horsepower and in that stage, now that I've got other people inside of the business, people who had different experiences, different backgrounds, it became far more of a teamwork process. And if anything, I became much more of a passenger in that where I was increasingly reliant on people who had the necessary expertise and experience to be able to go and find the right systems, the right processes, the right partners and increasingly in I would describe myself as being an observer, even a passenger." (P2)*

The need to seek assistance by way of increasing the organisation's capacity is mostly acknowledged by the founder through recognising their own incapacity to grow the organisation by themselves.

Post preparation for scaling, it is evident that founder roles had shifted, where most participants describe a shift from where they had previously worked *"in the business"*, to working *"on the business"*, as the business has now been capacitated to a degree. The participants described having more capacity to orchestrate the business activities and spend time and efforts on tasks and duties, from a strategic point of view, that would further enable business growth and scale.

*"You need to review and check if whatever interventions that you came up with, if they are really working in terms of adding value into the business. So, you look at whether the capacity has been fully utilised... If you require more capacity, or if maybe you've overestimated that capacity. It really is about trying to see if the interventions that you've put in place are actually delivering the results that you desire and making decisions in terms of if they are still necessary, if they need more reinforcement." (P8)*

*“I am more of a business manager or chief executive who's looking at the broader aspects of running a business, inclusive of marketing, human resources and financial aspects of the business.” (P5)*

This reflects to the founders being able to take a helicopter view of the organisation, to more effectively manage resources and focus on business development.

In the process of creating capacity at scaling phase, a few of the participants described their recognition of having to give the necessary freedom to their new hires or employees that were promoted into higher positions, in order for the staff to work effectively.

*“Remember the key to making this work was to go from a single boss to a ‘driemanskap’ [triumvirate or three-man-squad]. And that was my job, was to not keep on running the business and making all the big decisions the way I used to, but take all those decisions to EXCO meetings.” (P1)*

*“That capacity has gone from me...they have free rein... They've taken over that element of the business... giving them the confidence to do it the way that works for them. And trusting them to do the job.” (P6)*

*“Creating capacity for others is absolutely critical, moving to a far stronger level of management.” (P3)*

These founders had realised that there would be a certain degree of control relinquishment, delegation that would take place and that they would have to provide space to their new employees to exercise the duties for which they were employed, additional to nurturing the new employee's confidence.

The founder's role continuously changes through their journey and as such, the founder has to be able to adapt to the circumstances they are presented with. In creating the capacity that scaling brings, it is important for the founder to be self-aware. As one of the participants said, *“if you micromanage, you will remove yourself from the broader goal”*.

## **Founder need for support and mentorship**

The second subtheme, most of the participants recognised the need for external support and or mentorship. External support would be in the form of networks, coaches, friends and family. Founders needing mentorship was an evident facet amongst some of the participants.

*“It was something I'd never experienced before. I didn't have anyone I could...there was no one obvious for me to turn to sort of coach or counsel me... I wish that I had someone who could help me understand what I was up to. I had no idea of the journey that I was on, of the capabilities that were required of me. I had no clue about what I didn't know... I didn't know what I didn't know. I didn't know where my blind spots were.” (P2)*

*“You sort of just keep going. But I think if you have a good partner, like I've got my wife, she'll be like, do you realise what you've built? Because sometimes you don't realise. You just keep going.” (P6)*

*“Make sure you've got people that back you behind the scenes. It's the best and worst experience you'll ever have in your life...making sure you've got that support, you know, family, friends, coaches, mentors, etcetera. Just to help you, especially through the really difficult times, but also to help you get perspective.” (P3)*

The interview participants alluded to the journey of being a business founder being a lonely one in a sense that, being your own boss and not necessarily having a team around you to provide guidance or to act as a soundboard, is difficult.

Some of the participants referred to various entrepreneurial organisations that they had joined that helped them with a mentorship process along the way, addressing their need for external support in providing guidance.

*“To work on me as the person ultimately responsible for the scaling of the business was to find support, external support. So, I joined EO [entrepreneurs organisation]. I had a very powerful forum that helped me, learn and grow and manage myself... At the time that I joined EO, there must have been 120 founders in very different stages of progress. Some are a five-person firm. Other people might be a 50 or even a 500-person firm... They really care about you and they come from different industries.” (P2)*

*“So how do you pre-empt that, your personal growth, linked to your professional growth? How do you ensure that you remain ahead of the game, so you are still relevant? It would think my mentors and support structures evolved over time, depending on what I needed. They're more external. So for example, I went from entrepreneurs' organization [EO], which is a smaller sized business association, to now YPO which is really large-scale businesses.” (P3)*

*“The supplier development programs... it's very difficult to go out and look for mentors because there's nothing that's binding them to actually assist you...we would work through the different areas of the business that needed work...having a formal structure or formal mentorship structure really did play a huge role.” (P8)*

The participants that were interviewed mostly made mention to support from external entities, whether through formal or informal connection, set meeting times, or on an ad hoc basis. The participants emphasised the importance of the support from a knowledge, structure, guidance, backing perspective or psychological points of view.

### **Founder learnings from scaling**

The third subtheme, the interview participants all had learnings to share from their founder role transitional journeys. These learnings can be seen as advice to other business founders in their role evolution.

A few of the interview participants noted that it would be prudent to rather seek real world experience, instead of opinions.

*“I don't ask for advice anymore. For example, I ask for experiential knowledge. ...trust yourself more. I just don't listen to people as much because then you get this paralysis around what everyone says.” (P4)*

*“...opinions are a dime a dozen.” (P2)*

Opinions, although valuable, may have the effect of steering the boat further off course and may cause more harm than good.

One of the interview participants noted that it is important to have clear milestones during the role transition of the founder and to have conversations with trusted parties that have gone through the same journey.

*“Find someone who's scaled and get them to sit close, next to you so that they can mentor you, guide you, sanity check you. Have clear milestones. You're going to the South Pole, you're going to a place that you've never been to before. If you don't have parameters or governors that let you know when you've gone off course, or people you know that you can pull back to the control tower and say this is where I've landed up. What do you think or, would you perceive this to be a big mistake? Am I fooling myself? So having internal things that allow you to assess your progress. Know your speed, know where you've gone off course because small errors in scaling early on lead to massive mistakes later on.” (P2)*

Measuring progress and keeping in tune with the gameplan is important as small mistakes could have unwanted implications later on.

Two of the interview participants noted specifically that having patience but also being persistent is important.

*“...things take longer than you think. You have this idea, and you want to implement it, or the client says they’re interested. You send them a proposal, and you don't hear from them. You have got to follow up 20 times. Certainly, right from the beginning, things take a lot longer than in theory what you think they are going to take” (P6)*

*“I mean, if I send you a diary invite, they might be cool, I'm available 1st of November. So, it's a mash up of availability, time struggling through things, getting access to things. Thinking one way, getting rejected, having to go another way... So, learning to ask, learning to ask pointedly.” (P4)*

Learning from their role evolution aids in the founder becoming more self-aware and positioning themselves to address issues or challenges they may experience in future. This includes on being more pointed on who to ask for advice, measuring progress as well as being patient.

### **Conclusion on role evolution theme**

The findings for the role evolution theme have highlighted the shift of the founder role, from being heavily operational at the start-up phase, to building capacity and a team, to eventually manage the teams, focus on strategy and spending time on business development. The interview participants noted that the scaling period can take several years, in excess of 10 years as noted from at least two of the participant’s responses. It was further noted that scaling is not always an intentional, where it may occur during the ordinary course of business, as the organisation grows.

Some of the participants noted that they felt overwhelmed prior to or during the scaling process, recognising the need to seek assistance. The main form of assistance was identified as the hiring of new talent into the business, to build capacity and relieve the founders of certain tasks. A few of the participants noted the need to provide the new employees with the necessary freedom, in order to execute their duties to their abilities, including confidence building.

Another form of assistance identified was that of support from trusted alliances such as friends, family or mentors. Some of the participants noted the value of seeking mentorship, groups or individuals with real world experience, who would be in a position to guide the founders with first hand experiential advice.

Finally, a few participants noted the need for the founder to exercise both patience and persistence in their role transitions, highlighting the need to keep on asking and to ask unambiguously.

#### 5.4.2. Findings: Research question 2

##### **How does the founder’s ability to transition roles impact the growth sustainability and organisational performance?**

The aim of this research question was to understand what the founder role transition’s impact had on organisational performance during the scaling phase. This question is specifically aimed at understanding how the founder was able to impact the organisational performance through their role transition, including the subsets of their role relating to business performance.

The theme that emerged from 74 primary codes and 6 code groups is organisational performance. The analysis of this theme follows.

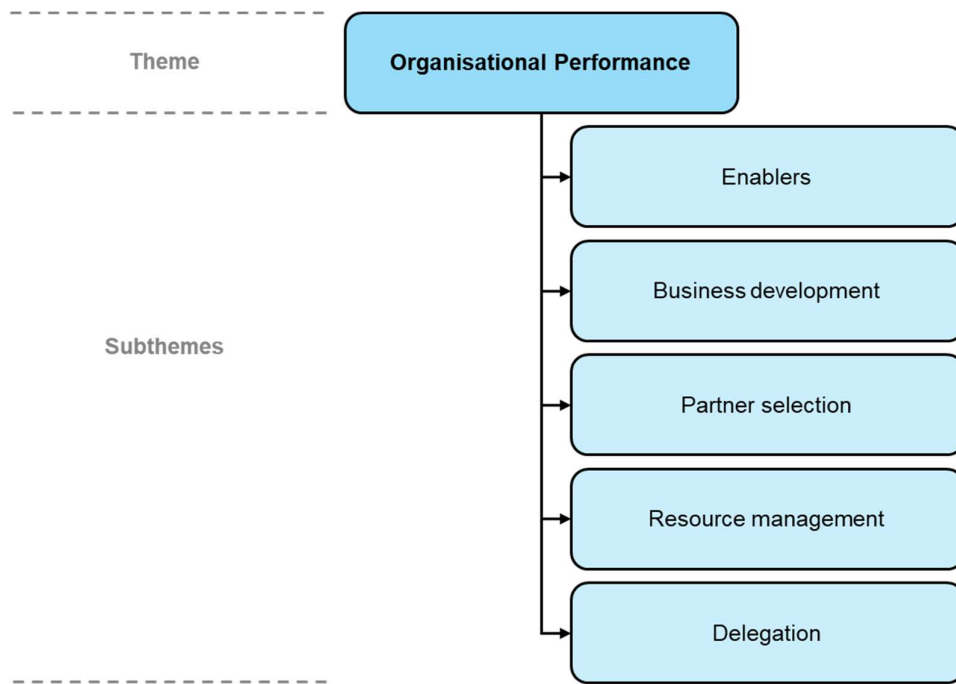
**Table 4 Thematic analysis relating to research question 2**

Research Question	Number of primary codes per group	Code Group / Category	Theme / Concept
2	43	Business performance	<b>Organisational Performance</b>
	4	Enablers	
	5	Funding	
	8	Partners	
	5	Resources	
	9	Scaling reason	

##### 5.4.2.1. Theme: Organisational Performance

This theme captures the essence of the organisational performance within the context of the founder role evolution and the subthemes that relate thereto. The various subthemes are enablers, business development, partner selection, resource management and delegation.

**Figure 10 Organisational performance with subthemes - roadmap**



### **Enablers**

The first subtheme, the interview participants all indicated that there were certain enablers that assisted them in their roles as organisational founders. The enablers that were noted by some of the interview participants ranged from the avoidance of work politics, to having the right employee team in place, to ensuring a constant flowing pipeline of revenue, possessing data about the business and the effect that scaling had on organisational performance.

*“If you have opportunities globally...people don't have time for politics, they work. That's an enabler to make these transitions work.” (P1)*

*“Well, internal enablers were having the right people, people with the right mindset, with experience. They realised the task at hand, they recognised that no one was going to push the rock up the hill, other than them.” (P2)*

*“I think one of the main things is finding an opportunity long-term because you want to make sure that when you do scale, especially if you bring in employees, you can actually afford to pay them every month. So, the biggest indication is knowing that you have something long-term that will bring in revenue.” (P8)*

Two of the interview participants specifically noted that business data was an enabler in the decision-making process as well as allowing for the founder to be up to date with organisational performance.

*“The fact that you have a dashboard or a bird's eye view helps a lot with the scaling and helps with decision-making. Data or information, if you can collect as much internal data, very important.” (P9)*

*“...I would have much better data. Data in two dimensions. The one dimension of data is the reporting on the performance of the business, the delivery on KPIs or targets...but also performance of client satisfaction and sales performance, mandate compliance. This was always rearview mirror and sometimes a month behind, sometimes three months behind. So, you only know you hit the mountain three months after you've hit it. The hard data and soft data about client perception, client awareness, brand perception. I would value more information and data that can honestly tell you about the performance of your business.” (P2)*

The effect of scaling itself being an enabler on the performance of the organisation was also highlighted by some of the interview participants.

*“We've got a team of 35 people and you'll get a sense of the crocodile jaws. With assets under management going from 50 million to 5 billion is a very different factor versus going from one to 35 headcount. So, the revenue was really able to crocodile jaw away from the cost.” (P2)*

*“I realised that my job had a shift from doing the work to building an organisation that can do the work repeatedly at scale. So that's when I began preparing the business. Not just to take bigger orders, but to handle complexity without breaking the culture of quality.” (P7)*

The enablers noted by interview participants hinged mostly around employees and staff taking responsibility for their work and forming part of the team in taking the organisation forward. However, business data was also noted to having a positive influence as well as the scaling of the business itself, providing exponential returns compared to pre-scaling.

## **Business development**

The second subtheme, most of the interview participants noted that their main role as founder in the organisation was that of business development, and that that was mostly the function they preferred.

*“My role very quickly became focused on business development and investment management.” (P2)*

*“...for me to focus on sales and partnerships...” (P7)*

*“...it's been the frustration, having to spend more time on collecting money and financials and admin as opposed to growing the business.” (P6)*

Being the business founder, most of the interview participants noted that they preferred business development above other functions. The researcher noted that the interview participants spoke with gusto when discussing business development.

## **Partner selection**

The third subtheme and a prominent subject that was repeatedly referred to by all of the interview participants, was the selection of partners. Partner selection could refer to business partner selection in the form of co-founder, a high-level appointment in the form of an executive, or an outsourced partner performing a certain role or function for the business. It was noted by one interview participant that *“wrong partner, you're not going to scale”*.

*“You need to grow in the sense of suppliers...from the start to where we are now, is to get that relationship and that trust with your suppliers... Good people on your side... People that's got the same passion as you.” (P10)*

*“for the scale to work, we had to have trustworthy, reliable, collaborative partners across all of the parts of the business... If you imagine you can go [at] it alone, good luck. The however is, be very, very, very careful of who you go with. And there's all types of facets to who you go with. It's everything from what they promise upfront versus what they really deliver, it's about their capabilities and their capacity. It's about their reputation, it's about culture, cultural distance or difference with your partners...you necessarily need powerful partners. And powerful on all of those dimensions, reputation, their capability, ability to work together, etc.” (P2)*

*“I had a business partner... I founded the business alone. ...at some point he had lost his job, so I brought him in... But what I realised quickly that he saw this as a cash cow, and that our visions were not aligned. ...there was a big clash in the vision and the long-term strategy and planning of the organisation because he would want money now and I would say no, we need to reinvest this money and he would never understand that.” (P5)*

Partner identification, partner alignment, partner relationship maintenance are all aspects that the interview participants highlighted and can be influenced by the founder. It was also noted that delivery on work in the form of reliability and trustworthiness as characteristics are important aspects in partner selection.

## **Resources**

The fourth subtheme being resources, resource constraints and resource management was noted by some of the interview participants as being an area of importance to an organisation.

*“One of my favourite one-liners on...the task of the CEO – the task of the CEO is the allocation of capital. There is human capital, financial capital, time capital. So you want to guard those allocations jealously. I'm not saying don't venture or don't adventure. But you know, you don't stray too far from the tent on every idea that you have. Be careful of the darlings that you build.” (P2)*

*“Getting the right skills for an affordable price, that’s probably a summary of the challenge.” (P9)*

*“You really start off with very little resources...also don’t have some of the capabilities because you haven’t really built them as such. You can’t afford it at that point...then you build up as you start to get traction.” (P8)*

The interview participants recognised that the “*allocation of capital*” is an important task within the organisation and the difficulty in building capacity in the business due to a lack of resources.

One of the interview participants did however caution against raising too much capital and suggested a blend of funding and organic growth.

*“I probably would have raised less capital and done a lot more organic growth as opposed to just raising capital. Just slowing that down from a cash perspective because it’s also a curse...where you can raise less capital, bootstrap as much as possible.” (P3)*

## **Delegation**

The fifth and final subtheme for organisational performance was recognised by all interview participants as vital in the role transformation of a founder. Being able to delegate, gave the founder freedom to explore other avenues that required attention.

*“I think if I get too involved it diminishes their role of their leadership... I need to send a message of confidence to them that they can do it and I don’t have to be involved.” (P6)*

*“You’re going to have to delegate a lot more...” (P3)*

*“I was able to give away parts of the business where I knew I was fundamentally weaker. So, operations, administration, reporting, pricing. All of that was given away and without question the biggest driver of our scale.” (P2)*

It was noted that delegation and letting go of control, proved to be a challenge to some of the interview participants in their role transformation. The founders were thoroughly aware that they could not keep on in their roles and keep the status quo. In order for their businesses to scale and keep on growing, they had to hire staff (joiners) that possessed specialised knowledge. In that, the founders could place the joiners in charge of certain aspects of the business that were outside the skillset or capacity bandwidth of the founders themselves, thus delegating certain responsibilities. It did prove to liberate the founders and acted as a catalyst in allowing for the organisational scaling.

### **Conclusion on the organisational performance theme**

The findings for the organisational performance theme highlighted that the founder role transition may in itself, impact the organisational performance positively. In addition, there are certain factors that enabled the founder to impact the performance of the organisation.

#### **5.4.3. Findings: Research question 3**

##### **What are the insights gained from the challenges faced during the transition period between start-up and scaling?**

The aim of this research question was to understand what the challenges were during the scaling period and the impact that it had on the founder role transition. The question is specifically aimed at understanding what the impact of human capital and business identity was on the founder role transition.

The themes that emerged from 86 primary codes and 5 code groups are human capital and business identity. The analysis of these themes follow.

**Table 5 Thematic analysis relating to research question 3**

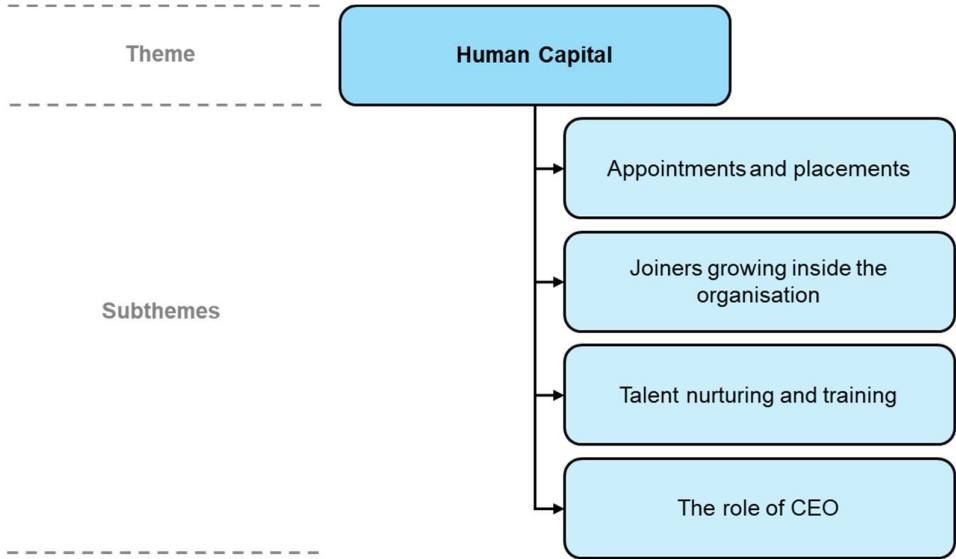
Research Question	Number of primary codes per group	Code Group / Category	Theme / Concept
3	13	EXCO	Human Capital
	48	Human Capital	
	15	Business identity	Business Identity
	6	Shareholders	
	4	Stakeholder management	

**5.4.3.1. Theme: Human Capital**

The theme captures the essence of human capital within the context of the founder role evolution and the subthemes that relate thereto. The various subthemes are staff appointments and placements, joiners growth inside the organisation, talent nurturing and training and facets around the CEOs role.

Human capital was emphasised by many of the participants stating that it would not be possible for them to scale without the support of others, whether through the appointment of staff or the outsourcing of certain functions.

**Figure 11 Human capital with subthemes - roadmap**



## **Appointments and placement of staff**

The first subtheme, all of the interview participants indicated the importance of appointing the correct people in the organisation and that talent-fit is central to the success of the organisation and assisting the founder in their role evolution.

*“Definitely building a team, knowledgeable team.” (P8)*

*“In terms of the skills, it's about hiring people that are stronger and smarter than you in that area...make sure you've got the right people in the right place, and their training and development.” (P3)*

*“...think purely having to employ or having the right people on your side, which makes an extreme difference to success.” (P10)*

*“If you don't have the right people inside of the business, you are wasting your time. You'll spend time managing the business instead of managing your customers, you'll spend time managing politics and problems instead of looking after, all that cause your business to exist, your clients so. People, people, people... not having enough internal bench strength, or having internal bench strength but people on the wrong benches.” (P2)*

Some of the interview participants also reflected on hiring for the future and having a longer-term outlook when appointing new staff.

*“Hire for the next stage... So always prepare yourself.” (P7)*

*“You hire for today and very quickly the company can outgrow that individual in terms of their skills and expertise and experience that we need.” (P3)*

One of the interview participants noted that the organisation had initially built a very competent team however, ran into difficulty with a clash of strong personalities, ending up losing some of the team members, who they needed later on.

*“We were top-heavy in the beginning. We only wanted to appoint good people, so we appointed good people, but we ended up like a few. If you're trying to do conservation in a game reserve and you have too many male lions versus female lions, then you have a problem. So, we lost one or two very, very good people. We had too many Alpha people. So later, when we really needed them, they were gone.” (P1)*

A few of the participants noted the trade-off between skill and cost and that it may be necessary for the organisation to spend more on employee remuneration in order to obtain the level of competence required.

*“I capacitated the business, went on a solid drive to get people in. ...of course it's expensive if you if you want the right calibre of people. You will pay, but the business was at a point where it could afford that.” (P5)*

*“Invest in human resources. I mean qualified people who will help you grow and who will take up a lot of the operations function.” (P8)*

*“...hiring talent for the future and spending money on them.” (P3)*

Two of the interview participants noted that there were occasions that they had made the incorrect appointments and that measures needed to be taken to replace the incorrect appointment with an appointee more befitting the position.

*“In a few cases we did appoint the wrong person, then you fire that person, you get a different person.” (P1)*

*“I would be much quicker in getting people into the right position, and if they are in the wrong position, much quicker in getting rid of them, than tolerating and excusing.” (P2)*

Two of the interview participants noted that during the scaling phase and capacitating the organisation with new appointees, the organisation starts dealing with a lot of human resource type of issues.

*“They are human, so those relationships can be complex, can be tiring.” (P4)*

*“My experience after is it goes from being a systems problem to actually being, if anything, a people problem. It goes from being hard stuff to solve, and suddenly you're solving soft stuff.” (P2)*

Two of the interview participants noted that it was important for the appointer, to think about appointments when filling new positions or filling vacancies.

*“As you start scaling, obviously your team grows and so you've got to be thinking about what's the right talent in the right place to support that growth.” (P3)*

*“...when someone leaves the firm, you get the list of all of the things that they did. And you hire someone to replace, to pick up all of the things that the party used to do, without asking the question “Are these things even useful now?”.” (P2)*

From the responses given by the interview participants, it is clear to see that appointing employees with the right skills, expertise and attitudes is important and that having a future-oriented outlook is important for the business not to outgrow the employee too fast. To the contrary, it is noted that a balance should be sought, and that hiring high-level talent too soon, may cause friction, with the business losing some of the talent. Hiring the right level of talent may also increase costs, indicating another trade-off between skills and expertise versus cost. Being more decisive about replacing incorrect appointments was noted. Finally, giving thought to the appointment or reappointment was highlighted, including asking about the relevance of the position's deliverables.

### **Joiners growing within the business**

The second subtheme, some of the interview participants noted the inevitable growth of certain appointments within the organisation and the likelihood of those early joiners to become key players later on.

*“...when I made that decision to get an ops person, which was actually one of our drivers to help me with the operations...” (P6)*

*“Even today, I'm sitting here and I'm looking at some people here, one or two in their late 20s, and I'm saying “that person can become CEO of this company maybe 15 to 20 years”... As soon as possible, figure out who you're going to hand over responsibilities and when you're going to do that. You need to do the identification as soon as possible... I think that's an important part of what a founder needs to do, is identify those people right up front and then nourish them and cherish them and look after them and give them growth opportunities.” (P1)*

*“Investing heavily in people that we were able to grow people significantly. And I've got dozens of stories of people who, joined in an intern role and landed up managing global equity, people who joined in as a receptionist and land running client pricing. So, investing heavily in people.” (P2)*

Opportunity to grow with the business as an early joiner has been highlighted, as well as the founder having a forward-looking view in the identification of their potential successor.

### **Talent identification and investment in personnel**

The third subtheme, around talent identification and investment in personnel, which includes training and development and capacitating the organisation further. Most of the interview participants noted the importance of internal development of employees in order to keep up with the requirements of the organisation, to uplift those employees to a higher level and to maintain a culture of employee development.

*“I reinvest a lot in...people, training people, my own people.” (P5)*

*“...also making sure from a talent perspective, we were supporting and growing our team internally, so from a tutor into a teacher and to a school leader who could then also go and open new schools. So, building that base and talent.” (P3)*

*“...keep investing in apprenticeships...” (P7)*

*“...if you can identify that person early enough that you can work on it. Give him exposure, give her opportunities. You're responsible, whatever. See how it goes.” (P1)*

Most of the interview participants recognised an importance of growing and developing the internal strength and competencies of employees. In as much as the employees help the organisation with performance, the organisation should continually invest in the personnel to maintain the organisational performance.

### **The role of CEO**

The fourth and final subtheme revolves around the role of the CEO, the succession of the incumbent CEO, the founder's role in relation to the position of CEO and the appointment of professional CEOs.

Two of the interview participants noted that as founders of their respective organisations, they had moved from the role of CEO to the role of chairperson of the board, thereby continuing to support the organisation from a strategic point of view.

*“...we split my role in two. Into a chairman of the board and into the CEO and I resigned as CEO position and became chairman.” (P1)*

*“The biggest shift was moving out of the CEO role and into an exec chair role...And really bringing on a professional operator in that space that understands what it takes to build a serious sized business... Now what can I do in terms of strategy and building the organisation for tomorrow and future proofing us, as opposed to just the execution of the scalability.” (P3)*

One of the interview participants noted that their organisation had appointed a non-founder, yet seasoned CEO relatively early, noting that a professional CEO with long-term experience as a CEO would bring additional capabilities to the organisation.

*“I was operational and executive in the business, day-to-day. ...it's part of the scaling. For us to scale, it was necessary that we had a professional CEO. And I'm not a professional CEO. I'm the guy who started the business...we found a very seasoned investment industry executive... He had extensive experience...brought substantial new strengths and capabilities. It brought in perspectives that we hadn't had before.” (P2)*

The founder role evolution points to the position of CEO and the founder's suitability to remain in the position of CEO in the long-term. In one instance, the organisation sought an external professional CEO relatively early on in the organisational lifecycle, referring to experience, strengths, capabilities and perspective the seasoned CEO might bring.

### **Conclusion on the human capital theme**

The findings for the human capital theme have highlighted the importance of appointing the correct people within the organisation, emphasising a thorough though process, talent-fit and having a view to the future when employing staff – hiring competent staff with skills and experience aligned to future organisational endeavours, yet not overcompensating, potentially resulting in personality clashes. It was further highlighted that there is a trade-off between skills and cost and that the organisation should align their objectives with the appointment to the cost involved.

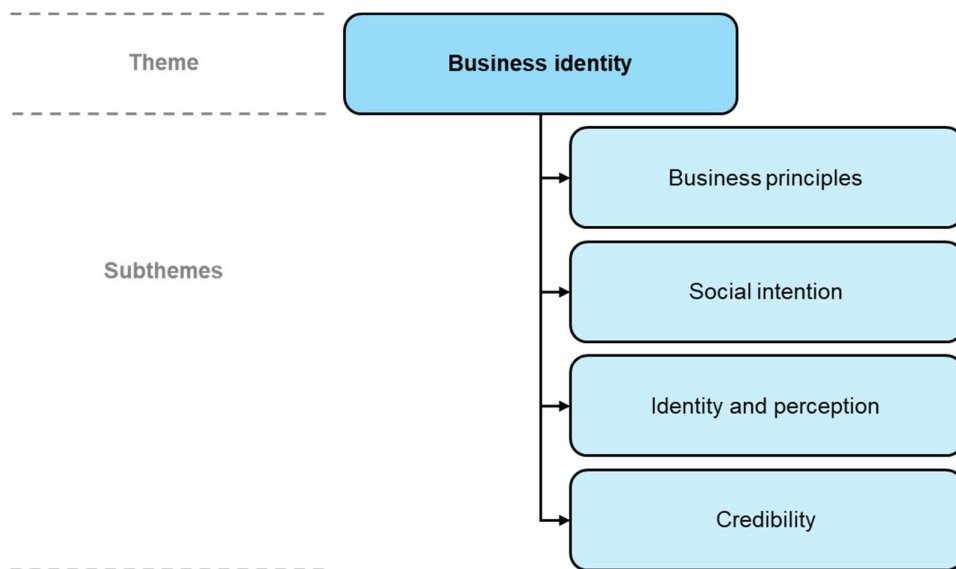
The findings have also highlighted the importance for founders to be more decisive on incorrect appointments and take the necessary corrective actions in order for the position to be filled with the correct candidate. The findings have highlighted the need for founders to identify talent and develop it further through development initiatives. Further that there may be opportunities for early joiners to rise up the ranks faster than at an established organisation. Finally, the findings have highlighted the founder role in relation to the position of CEO. There are instances where the founder is replaced as CEO by a candidate with superior expertise in the area, with the founder playing a different role within the organisation – either as operational executive or potentially the chairperson of the board.

### 5.4.3.2. Theme: Business Identity

The theme captures the essence of the business identity within the context of the founder role evolution and the subthemes thereto. The various subthemes are business principles, social intention, identity and perception, and credibility.

Although the identity of the organisation was not specifically highlighted, various subthemes that originated from the participant interviews, encapsulated the business identity.

**Figure 12 Business identity with subthemes - roadmap**



#### **Business principles**

The first subtheme, business and founder principles are used in the same context here, referring to the reason and meaning behind the organisation, closely linked to the second subtheme, social intention. In a few of the interviews, the founder had a specific intention for starting the business, solving a problem, with the motive of profit not necessarily being evident at the forefront.

*“That remains a driving force to say we've got people, our people are destitute. And they don't have basic services, and the government is trying where it can, but we need to come in and assist, because it [the government] is incapacitated.” (P5)*

*“...seeing how much as a country we're spending on education as a proportion of our budget and GDP, yet we rank bottom of the world when we look at the various competitiveness reports. And so that was why I was interested in education...interested in what can be done, what can we do to completely relook the system in terms of innovation within the learning model and spending the same cost per child to educate... And so that really was a genuine goal, was never to create one or two schools, but was to create a massive impact within South African. So, you needed the scalability to do so.” (P3)*

*“I became somewhat disillusioned with the culture and the way the big corporations were being run, especially the listed companies, especially at that time. The ownership of the shareholders, ownership and the management was everything and the people working in the organisation were really treated badly. The culture was bad and there was high turnover, and it was just a very unpleasant situation... This took a while and it in fact took a much longer than I thought to establish, because it's not so easy to build a company based on what you don't want.” (P1)*

It should be noted that these are mere conclusions drawn from the analysis of data and was not specifically focused on during the interview process, hence other research participants might have had similar intentions that were not blatantly apparent from the interview.

### **Social intention**

The second subtheme relates to the founder role in preserving the social intention of the organisation, which is tied to the business identity. Some of the interview participants noted that they had strong social movements and reasons for starting the businesses.

*“The social element being the conservation is a big part of the vision or the initial mission statement of why you started the business. And you also fall back on that reason for starting the business quite a lot. Basically, your purpose...” (P9)*

*"I had a personal mission to create skilled jobs and transfer welding capability, so growth wasn't just commercial, it was more impact driven." (P7)*

*"I've seen other entrepreneurs, when we check next door - which we always try not to do. They become selfish and self-absorbed. They are in it for quick gains. And I in my role I see myself as a builder of society and I'm not in a rush to cash in." (P5)*

*"So, the key insight that I think you should have right up front is, as I said, I wanted to make the people who work in the company the most important... One of the greedy things in the corporate world is the ego of the directors in terms of business size. If you have 50 people working for it, you want to have 100 because that strokes the ego of the directors and the owners, and they can brag about how they doubled the company in size and so on. But if your objective is to give a workplace for people to work, then that driver goes away." (P1)*

There seems to be a correlation to an extent between social motive and the reason for entrepreneurs founding businesses. It is worth to note that most of these organisations related to the interview participants had been in business for some time, yet the founders adhered to the principles around the intentions of venture creation.

## **Identity and perception**

The third subtheme, it is worth noting that two of the interview participants had conflicting views on their respective organisation's identities. It is also worth noting that these two organisations operated in different industries and may have been on different trajectory paths with regard to scaling and size.

*"...really about understanding that I'm not the business and my role is to ensure that I make the best decisions for the business... So, the business needs to have its own long-term view, whether I'm there or not. So, in the beginning it was more of, I am the business and if I'm not there, then nothing happens. But then as you scale, you transition into a business that's able to function, whether you're there or not... You have to build its capability to have succession and be able to function without one's presence 100% of the time." (P8)*

*"People are buying into you as a person, they buy into your identity, your look and feel, your portfolio... And now having to have people to carry through that look and feel and to understand what my portfolio has to look like, still to carry that through." (P10)*

The one interview participant noted that they viewed the business identity separate to their personal identity, where another interview participant viewed the business identity closely linked to their own identity.

## **Credibility**

The fourth and final subtheme around credibility was also a prominent subject, with some interview participants noting the importance of credibility, especially in the early stages of the organisation's life.

*"You compete with big brands... So, you're always struggling against that. It's just easier to hire a large consultancy firm than risk on a smaller company, I guess." (P4)*

*“People to take us seriously. I think that we were fortunate that we were start up for a relatively short period and we were beneath the radar. And as we started to build the bigger boat, we were able to go to market with some known names we appointed... So, we had gone from being sort of a third bedroom, underpants and T-shirt startup to having had some good advice early on. You're going to... you borrow credibility. Still, it doesn't change the fact that, even though you're here now and you might have the right ingredients, you're still new kid on the block and almost invariably the third wheel.” (P2)*

*“In terms of relationship building, stakeholder management, engaging really helped build up our reputation. Not only locally but globally in terms of thought leaders. We've got credibility behind us.” (P3)*

*“I suppose there's an element of fake it 'til you make it and you always appear to be bigger than you are... it's the perception though. So, I was always the MD of the organisation, from day one.” (P6)*

Gaining credibility as a start-up may prove to be difficult. The founder in their role evolution would have to spend time and resources in building organisational credibility and improving public perception, especially in saturated industries that have organisations with strong reputations.

### **Conclusion on the business identity theme**

The findings for the business identity theme have highlighted that founders may have strong social convictions when starting new ventures and that the gap or problem to solve does not necessarily equate to the profit motive. The findings also point to certain organisations' identities being heavily linked to that of the founders, whereas other organisations should function independently of the founders' identities. Finally, the findings point to credibility as an important hurdle to overcome, especially early in the organisation's life.

#### 5.4.4. Findings: Research question 4

##### How can a founder prepare for business scaling?

The aim of this research question was to understand how the founder goes about preparing to scale their organisation, including the founder behaviour and the organisational structure. Specifically, the impact of these two themes on the role evolution of the founder.

The themes that emerged from 92 primary codes and 9 code groups are founder behaviour and organisational structure. The analysis of these themes follow.

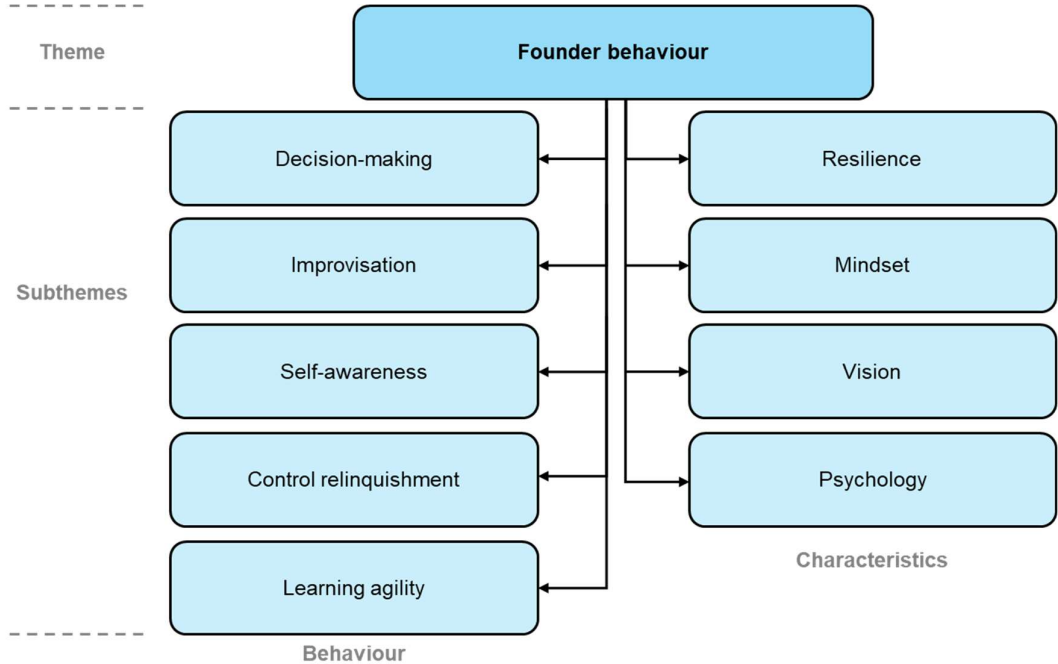
**Table 6 Thematic analysis relating to research question 4**

Research Question	Number of primary codes per group	Code Group / Category	Theme / Concept
4	5	Decisions	Founder Behaviour
	41	Founder behaviour	
	4	Improvise	
	5	Learning	
	11	Psychology	
	2	Unknown	
	8	Administration	Organisational Structure
	5	Finance and accounting	
	11	Organisational structure	

##### 5.4.4.1. Founder behaviour

The theme captures the essence of founder behaviour within the context of founder role evolution and the subthemes that relate thereto. The various subthemes are decision-making, improvisation, self-awareness, control relinquishment, learning agility, with further founder characteristics viewed as a subset of founder behaviour, additional subthemes of resilience, mindset, vision and psychology.

**Figure 13 Founder behaviour with subthemes - roadmap**



**Decision-making**

The first subtheme, a few of the interview participants discussed decision-making as a founder and its importance within the organisation. Decisions can take various forms, including timing of decisions as well as opportunity costs related to decisions.

*“Just do it sooner. A lot of entrepreneurs have the right ideas, they're just waiting too long. Like it's in your notebook, it's in a folder on your laptop. You kind of have that inkling, but you park that feeling. So, the biggest thing that I'll do is just do everything sooner.” (P4)*

*“...let's say we need to scale and employ three people. What other scenarios are there that... three people, let's say 60,000 a month. Wouldn't it be better to outsource at 60,000? Wouldn't it be better to put the 60,000 into marketing? Wouldn't it be better to invest in a new product, whatever it might be?” (P9)*

*“And 80% of what you are trying to achieve at the quality level...if you can do 80%, move past that task. That's what I've learned... Move, because it will take you the same amount of time to achieve the balance of the 20% than it took you to achieve the 80%. So, move if that 80% you've done your part, it's a good place to be, move... The law of diminishing returns. Yes, if you put in more work, you reach a plateau. You can't do more. So, once you reach that plateau, identify that you have and move on. Because the returns, the returns are going to cost you so much effort that the next 1% beyond the 80% is going to cost you the same effort that you got to arrive at 50%. So, leave it. It's a law of diminishing returns.” (P5)*

Two of the interview participants also discussed imperfect decisions that were made during the course of business.

*“You make decisions on organisation structure and nobody's perfect, so those decisions are never perfect.” (P1)*

*“I'd say that we made some wrong decisions in how well we could scale. And that was everywhere around people, in all instances, it was the wrong people. I learned it imperfectly. And it's only now after we exited the business, I really got to see how important that is.” (P2)*

## **Improvisation**

The second subtheme around improvisation, a few of the interview participants noted that improvisation or “winging it” plays a large part as a founder and the role evolution.

*“...before you scale, you always worry... you want to play as safe as you can. And you realize actually, no one knows what they are doing. So, I'm just going to go for it.” (P4)*

*“...one started at a point where you don't really know what you're doing. And it's just really trying to figure out what it is that you're doing. What makes you different? What sets you apart? What impact or problems or headaches are you solving for your customers and being able to define your customer.” (P8)*

*“...as I say from winging it, doing it yourself, to building a team which is hard... I would say in some cases also hurt the business because half of the time you don't know exactly what you're doing, so you're just trying to figure it out.” (P3)*

*“...when you implement, you always need to adapt a little bit.” (P1)*

### **Self-awareness**

The third subtheme being self-awareness, all of the interview participants noted the importance to “*know yourself*”, “*know your limits*” and being aware of one’s capabilities.

*“Learn to translate lessons into process change. So, every lesson we look at it as we change or not. If it's working, it's working. If it's not working, then we're going to change the process. So, mistakes become a new control rather than a tribal ballot. Then tribal knowledge... The firefighting to management rhythms, leading through measures instead of heroics.” (P7)*

*“So, you must accept that things will not be perfect... I quickly established and acknowledged that I'm no longer an engineer alone... In that my role moved from being very technical, and I know what I'm doing technically, to now I need to employ engineers to manage the technical aspects of the business while I equip myself with business acumen, skills and knowledge. To be able to run the business beyond the technical affairs...” (P5)*

*“The reality of businesses, it's going to be messy, it's going to be difficult... Being aware that you must have gaps in certain places, right?” (P4)*

*“Having that wisdom where you can, perspective and not letting your ego play is very important... I've been in the trenches for 12 odd years to all of a sudden now I've got to change the way I operate... for a founder is knowing your skill set and when to step aside and bring on someone new.” (P3)*

## **Control relinquishment**

The fourth subtheme, being control relinquishment was noted by some of the interview participants as having been a challenging aspect in their role transition as organisational founder.

*“A sense of control. One thing that is very difficult is to let go as a founder, is allowing people to make decisions and trusting people to make decisions, because you're used to making all the decisions. So having to delegate is a challenge. You sort of have attachment issues.” (P8)*

*“But for us to scale, it was necessary that we in inverted commas, got a professional CEO. I had to give up the power. Otherwise, we were going to be left with me, trying to run a professional cleaning business with a mop and a bucket... So, I was learning as I was going, making mistakes. I needed to give up power, control. And I don't mean that like I was a power hungry. I know what the solutions are but it's very difficult when it's your baby. This is your balance sheet and you're going to hand it over to someone else, and say, OK, well I'm going to trust you. And I had to learn that.” (P2)*

*“So how do you start letting go of control. But you still have to have your checks and balances...” (P3)*

## **Learning agility**

The fifth subtheme, noted by most of the interview participants as learning agility. The recognition of the founder that continuous learning being an important aspect of role evolution and organisational management.

*“...if you are just pouring into the business, at some point you're not going to be good enough to run it and so you'll find like lots of entrepreneurs who, the businesses are outgrowing them, and they have to leave or find someone fresh, or bring in new partners. But if you grow in tandem with the business, or whatever you invest in your business, you invest in yourself. I want to reflect that probably the most valuable and important thing you've done, because if the business had to fundamentally change and pivot, I'd probably still be able to run it. Whereas most people, like if it's not a plumbing business then that's it, they have to go do something else. So, making sure that you're not a one trick pony.” (P4)*

*“I had to accept that I need to get training in business. In the running of business, beyond engineering. Then that's when I went to that orange building there in Illovo... I needed to empower myself... So, for me, enrolling with GIBS [Gordon Institute of Business Science] as well as other short courses... During the growth phase of the business or the scaling phase of the business, really assisted me in that decision making. And in the decision-making processes, being able to understand what the business requires.” (P8)*

*“There is more structure in learning. So, through my MBA, it's really sharpened my finances, operations and leadership.” (P7)*

## **Resilience**

The sixth subtheme, resilience as a characteristic being a subset of founder behaviour was noted by one interview participant to be an important aspect to adapting in the founder role evolution, with resilience closely linked to persistence as discussed under founder learnings from scaling (theme: role evolution).

*“Whatever you try to protect yourself against, you can't do so completely. So if you don't have resilience or a way to build it, you're not going to make it past the first six months, let alone the first six years... super, super thick skin you should build overtime, lots of no's, but getting up trying again... building that resilience.” (P4)*

## **Mindset**

The seventh subtheme, mindset as a characteristic being a subset of founder behaviour. The researcher noted that mindset was a strong facet of being a business founder through interviewing the participants.

One interview participant noted that they needed a mindset of believing in their idea, when those around them did not.

*“You have to be bloody minded and certainly believe in your idea, even when people around you aren't.” (P6)*

Another interview participant noted that they needed to adopt a mindset shift in the way they operate, explaining that although they were perhaps an introvert by nature, they needed to show up within the organisation and embrace people, whether it was outside of their comfort zone.

*“I'm what you can call a reclusive person. You know, I live alone, I keep to myself... I realised that in running a business, you need to be inclusive. Then you cannot be reclusive, so you need to appreciate people, especially those people that you work with.” (P5)*

Another interview participant noted that it was important to have a growth mindset and that they needed to keep innovating for their own and the businesses' sake.

*“So, there's a need to innovate. The need to try to disrupt yourself... It's a risk, of the business not innovating kind of just slowly dying.” (P4)*

One interview participant had a view of never having challenges in the organisation, with rather having opportunities.

*“I didn't have challenges. I had opportunities as I explained” (P1)*

Finally, one interview participant recognised that they needed to shift their mindset, failing which there could potentially be further challenges they may face.

*“The mindset is that. That there is no way this can be done my way. That the firmer minded you are or the narrower minded you are, the harder it gets. That you actually start to create internal frictions and challenges, and you get polarizations.” (P2)*

## **Vision**

The eighth subtheme, vision as a characteristic being a subset of founder behaviour, although covered through other subthemes, the researcher believes that it is important to highlight separately, being part of the founder role evolution.

One interview participant linked vision to freedom and strategy.

*“With the vision, I decide where the brand's going to go, what we need to do, how are we going to do it. I'm specifically now more focused on the products, which I like to do the design... I source the materials from Mexico, China, Vietnam, India and locally. ...a good summary, strategic.” (P9)*

Another interview participant linked vision with the story they are writing about the organisation, revolving around trust, leadership and providing job security to their employees.

*“Internally it's getting people to believe in and write the vision and know that it will happen. So, you give your employees job security, and you give them a vision to believe in and leadership that they can trust and believe in.” (P5)*

## Psychology

The ninth and final subtheme, psychology as a subset of founder behaviour, although not being a characteristic in line with the three prior subthemes, the researcher believes that it is important to highlight in substance the psychological lows and highs during the founder role evolution, as found during the participant interviews.

Two interview participants noted the founder's passion required to achieve success.

*"...don't be afraid of your successes and don't be afraid of your challenges. And I think if you really do feel that your gut is talking to you and it's your passion to do something that you really love to do, I'd say always jump into it... I think that has been a lot of trial and errors for us... I'm a strong believer of you having to follow through with what you really feel, your passion and your heart demands..." (P10)*

*"Do things that you like doing. Because it's only passion that will allow you at two o'clock in the morning to be working on your goals and your aspirations. At some point it goes beyond the paycheck, it's passion. You like what you are doing." (P5)*

Two interview participants noted purpose and belief in their businesses during challenging periods.

*"...do what you like, you want to have purpose... it's during times when you struggle, you need to have purpose to actually pull it through." (P9)*

*"I really believe in this business... If you're a founder and started a business, you have to. I suppose on the flip side, you also have to know when to call it. If you have mental health issues...you've got no money left, then you know at some stage you've got to call it." (P6)*

One interview participant noted the psychological difficulty in relinquishing control of the organisation that they had built.

*"Calling someone who is running my company, the CEO. It's psychologically hard, like this is your baby. This is my creation and now I have to sit in board meetings, shareholder meetings, management meetings and I've handed over power, [it's] hard. Very, very hard, psychologically hard, behaviourally hard." (P2)*

### Conclusion on the founder behaviour theme

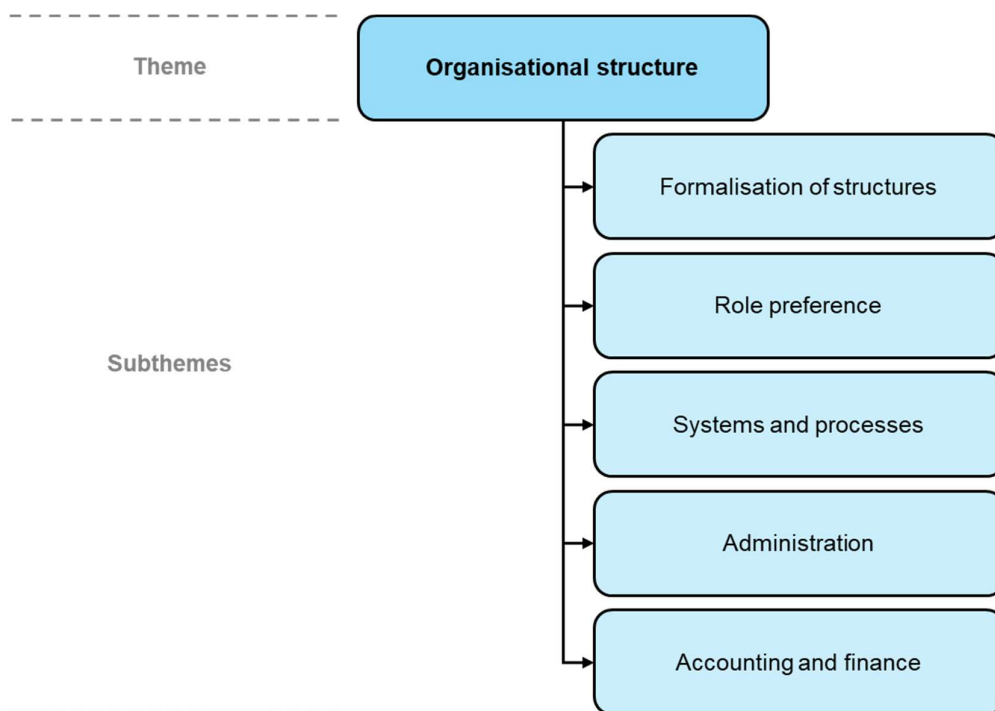
The findings for the founder behaviour theme have highlighted the importance of decision-making, related to timing and opportunity costs. The findings highlighted the reality of improvisation and being agile to address issues as they arise. Self-awareness with the founder being in tune with their capabilities and limitations. Control relinquishment being a reality and something that founders have had to adapt to during the scaling phase. Learning agility, especially as a young and first-time business founder, seeking knowledge to complement certain specialised skills.

The findings also highlighted certain psychological characteristics that founders described in the interview process, such as resilience, mindset, vision and passion.

#### 5.4.4.2. Organisational structure

The theme captures the essence of organisational structure within the context of founder role evolution and the subthemes thereto. The various subthemes are formalisation of structures, role preference, systems and processes, administration, and accounting and finance.

**Figure 14 Organisational structure with subthemes - roadmap**



## Formalisation of structures

The first subtheme, formalisation of structures broadly revolves around the setup of the functional departments within an organisation. These functions may either be done internally within the organisation or may be outsourced to external service providers. Organisations may choose to have a blend between functions that are done internally and functions being outsourced, depending on objectives, complexities and costs.

One of the interview participants noted how they went about initially setting up the functional departments of the organisation.

*“...we came up with a list...of the functional departments you need in a business, you need to have finance, you need to have HR, you need to have marketing, you need to have sales. You need to have training, you need to have some strategic planning you need to have budgeting.” (P1)*

Two of the interview participants noted that the setup of the structures would capacitate the founder to focus on other areas of the business.

*“But beyond that, I realised that I did not have a finance department in my company, I did not have an HR human capital department, I did not have a fleet department. I was running all those things as an individual” (P5)*

*“...different functional areas in the business were established, so that I didn't have to do everything from all the functions such as HR, finance and all of that. I had to establish those functional areas where it was outsourced, giving internal capacity to be able to run those functions.” (P8)*

Two of the interview participants noted that they went through processes of decision-making on when to run certain functional areas internally and when to outsource them.

*“I looked at positions where I lacked skills, for instance my accounting... So, most of the positions I would outsource first...and then if it needs to, I would employ someone full time.” (P9)*

*“Internally, we had to organise ourselves and you know that involved first establishing what was going to be internal and external. And that we were going to outsource everything non-investment related. So that requires reporting structures, how is legal going to come into the business? How does accounting come into the business? How does compliance come into the business, etcetera.” (P2)*

Two of the interview participants cautioned about functional structures. One noted that in as much as organisational structures are necessary to scale, the organisation may lose some of the entrepreneurial agility, causing “fossilisation”.

*“In the same breath you lose... There was a drive and a purpose and an ownership that fell out as you institutionalised, because a subset of scaling is institutionalisation. You suddenly have to formalise things, stuff can't be decided on the fly. Now you have to go through committees, board reports. Appoint someone to steer a project, and so you get organisational structures and institutional rigidities, even in a very small business. And what that did is that the scaling allowed us to go from one to 10. The institutional rigidities, the fossilisation made the 10 a seven. I mean, we couldn't have scaled without those institutional elements, but you know they compromise agility, they compromise your ability to innovate on the fly. Some aspects of it as there comes a time when you're doing things, because the system says so. Now you've got a business that has started to fossilise. And I think that, without question those elements creep in, without question.” (P2)*

The other participant noted that a segregation and blame-shifting may occur.

*“We started getting us-and-them silos in the business and so on. Was a very, very difficult transition and it didn't really work very well.” (P1)*

The one participant noted the room for role and responsibility ambiguity that may appear.

*“So, you need channels for each of those. There is lots of room for confusion and mistakes where you've got multiple reporting channels and people who can put up their hands and say, well, it wasn't me.” (P2)*

## **Role preference**

The second subtheme on role preference refers to the founder aligning their role to their strengths and interests, with the founder deciding on which tasks related to their roles to keep and which to delegate to new appointees or outsourced functions. After the appointment of joiners, the founders had capacity to focus on tasks they deem important for the business to grow and more future oriented, much aligned to strategy formulation.

Some of the interview participants noted that they specifically chose tasks that were aligned to their strengths and interests, choosing to delegate the areas that were perhaps less suited to them.

*“I get the stuff which I believe I'm good at, which comes naturally. What I enjoy.” (P9)*

*“My strength of growing the business and networking and getting new clients. And using my network and seeing, getting in front of people... That's what I cherish. That's what I love doing and that's my strength.” (P6)*

*“I want to be in business development. I want to be running projects. That's the stuff I want to be doing. I want someone else to look after the business, the teams, the partners, the people. Someone else can do that.” (P2)*

## **Systems and processes**

The third subtheme on systems and processes had all interview participants in agreement as to the importance thereof in the growth and scale of the organisation.

A few of the interview participants referred to operating procedures and the importance to get them aligned for the optimal running of the organisation.

*“Number one on our quality of compliance. Welding procedure specifications, our welding procedure required qualifications, traceability qualifications and then internal audits.” (P7)*

*“...we are extremely particular in terms of the way we operate. We've got our SOP's, it's very clear this is what a one of our schools is. This is how you do it... This is the training... It was set in stone and improved over time.” (P3)*

One of the interview participants noted that they had initially invested heavily in a software platform to aid in running the business, building it with the future in mind, so that the software could scale with the organisation.

*“Most of the investment that I took...I put into the development of the back end. I used guys that I've been working with...and they built the software platform. It is quite a sophisticated back end. It was built with growth in mind... They built it to scale which was really helpful in that over the last 14 years, we haven't had to do many adaptations to the software. It can handle most of the functions we need it to handle... Without that, there's no way the business could survive.” (P6)*

One interview participant noted the importance of building capacity into their IT systems, obtaining the correct applications and operating systems.

*“We also have had to build up our IT or systems team because we can't just run every single part of the business on Google Sheets, that has to evolve over time.” (P3)*

Finally, one of the interview participants noted the importance of building systems into an organisation, noting that it was a non-negotiable subject if the organisation were to be successful in scaling.

*“But the alternative is in order to grow your top line and not compromise your bottom line, you know that is necessarily about building systems. It's not like you have some epiphany or some aha moment. It's like it's a non-negotiable, that if you want to get out the blocks to get your top line to fall to the bottom line, there is no option other than to scale” (P2)*

## Administration

The fourth subtheme around administration and the necessity thereof, as one participant described it to be *“the boring stuff”*.

One of the interview participants noted the importance of administration and compliance from the onset of the venture creation, which proved to be corroborated by another interview participant who had not necessarily done the administration to the same level from the onset.

*“So the biggest capacity of most of the business has been in what I call the boring stuff, like the compliance... But actually, it's always the governance stuff, the boring, boring stuff that people don't actually want to do...having the basics, it's easy to start with and completely in your control, but it adds phenomenal value. Many people who do that later, and I know people who try and exit their business or scale when they had 100 people. Now you're trying to get those hundred people to sign proper contracts. You're doing everything retrospectively which is very, very, very difficult.” (P4)*

*“Bringing in a human capital department, we had to sort out issues of KPI's, redraft contracts, get everyone back on board and say, look these are actually your responsibilities and if you do this, these are incentives... The establishment of a human capital department assisted in formalising roles and structures for people. We went back to every single person and relooked at every contract and people understood clearly their roles and responsibilities.” (P5)*

Another interview participant noted the importance of compliance and ensuring governance and legal matters were up to date.

*“Systems, processes, policies, governance, checks and balances. I would say the big one was policy processes onboarding, making sure from a legal perspective, everything is as tight as possible. From human capital, the contracts to actual legal negotiations for leases, etcetera.” (P3)*

## **Accounting and finance**

The fifth subtheme around accounting and finance, much like the administration, systems and processes, was highlighted to not be neglected from the onset of the venture creation. Some of the interview participants noted the importance of appointing reliable finance staff, especially for the founders without finance backgrounds.

*“...we had the worst accountants.” (P9)*

*“Make sure you've got a fractional CFO or an external accounting firm to make sure that you've got your ducks in a row.” (P4)*

*“...focus more on the numbers. I think we take the financial function for granted as business owners and we think that we know, but we don't really know. What I would have done differently was to have someone especially on the financial function. Make informed decisions about investment, about capital how to employ capital...I would have done the scaling more with the qualified finance person involved in helping to make financial decisions for the scaling of the business.” (P8)*

Another interview participant noted the strain that scaling places on the organisation's cash flow and their recognition of focusing thereon.

*“I should protect my cash flow like it's the oxygen... Scaling magnifies working capital strain.” (P7)*

## **Conclusion on the organisational structure theme**

The findings for the organisational structure theme have highlighted the importance of formalisation and institutionalisation in respect of successful scaling. This includes the setup of functional departments and the decision on whether to internalise them or outsource them. The findings have highlighted the role preferences that founders may have, aligning specifically to their strengths and interests. Administration, compliance, governance, and systems and processes were found to be important aspects of the organisation, as it was noted that a neglect of these functions may cause unwanted harm to the organisation.

## **5.5. Conclusion**

This chapter presented the findings from the qualitative research of the themes and subthemes that emerged from the analysis of the data that was collected through the interview process with research participants. The four research questions were addressed through the discussion of findings of the six themes identified.

The themes were analysed under subthemes, providing statements and evidence, followed by interview participant transcript quotations, and concluded on with reflection and meaning of the statements and quotations.

The chapter that follows will discuss the results of the findings under the overarching research problem and research questions, with reference to the literature review.

## **6. DISCUSSION**

### **6.1. Introduction to the discussion**

The results from the chapter five findings of interview data analysis collected, will be discussed in this chapter. The results of the findings will be compared to the extant literature review, which was presented in chapter two, and confirmed, extended or contrasted. The understanding gained aimed to extend the body of knowledge on the founder's role evolution during organisation scaling phase and the preparation for scaling.

The main and overarching research question of how founders can evolve with the scaling of their businesses will be addressed through discussion of the research questions, as presented in chapter three and themes, as presented in chapter five.

### **6.2. Discussion: Research question 1**

#### **What is the nature of the founder's role transition during the transition period between start-up and scaling?**

The first research question sought to establish the nature of the founder's role transition during the business scaling phase. Literature suggests that there are distinct phases of an organisation's maturation, namely the venture creation, start-up phase, preparation for scaling (transition), scaling phase and mature phase (exit) (Mosca et al., 2021; Patzelt et al., 2021; Picken, 2017).

#### **6.2.1. Role evolution**

Founders in the start-up phase are often heavily operational and involved in all aspects of the organisation, as noted in the findings by all the interview participants. The findings suggest that during the early organisational stages, founder's roles involved business directional steering, business development, product development, financial management as well as performing the task of driver, clerk or receptionist.

The findings found that some of the organisations had scaled for extended periods, in excess of a decade. Attempting to place scaling duration into context, Bohan et al. (2024) refers to a time-limited period, however, does not provide a duration range. Two of the founders had indicated that they did not have any intention of scaling their respective organisations and that the scaling merely occurred over time.

The period leading up to scaling had findings where some of the participants described being overwhelmed or overburdened by either the sheer volume of work, being torn between prioritising of tasks, or having shortcomings in experience or specialisation. The researcher speculates that this indicates a clear inflection point, where the founder has to make certain decisions, to either capacitate the organisation, hence themselves, so they may delegate, or to pause certain of the activities in order to regain control.

The period post-preparation for scaling, being during the scaling period, or post scaling, pointed to the founders having capacitated the business. Most of the participants noted the ability to perform activities such as orchestration of business activities and strategy development. The creation of capacity for newly appointed staff or organisational joiners was highlighted in the findings by a few participants as being important in improving confidence within the management team and moving to a greater level of autonomy.

Founders may benefit from mentorship and support, which was revealed by interview participants. The role of founder can be very lonely, hence the founder needing external assistance from mentors, coaches, friends, family and networks for guidance and support. Mentorship organisations have proven to be of great value to some of the interview participants. Seeking experiential knowledge rather than pure advice or opinions was indicated as being valuable, seeking founders who have prior scaling experience may be best suited in providing real world advice. Though most interview participants noted the need for external support, only five mentioned formal mentoring forums such as entrepreneur's organisations. This may indicate a gap in the awareness of such organisations and the potential support they are able to provide founders in their organisation scaling attempts. Entrepreneur's organisations may especially be helpful in South Africa as there is large upside to be gained from the successful scaling of organisations, mainly to provide employment, which would result in a positive contribution to the economy.

Patience and persistence were highlighted as key learnings by a few of the interview participants. The founder should exercise patience as things take longer than the founder might anticipate. Persistence was noted as an important aspect – being the new kid on the block might require the founder to keep on asking and keep on following up.

Literature suggests that organisations can go through multiple scaling phases during their lifetime, with scaling not limited to young organisations only (Coviello et al., 2024), hence moving in and out of scaling phases. There are different facets or categories to an organisation that may be in the process of scaling, as suggested by Palmié et al. (2023), such as financial, organisational, market, or volume. Organisations may remain in the scaling phase for extended periods, even decades (Mula et al., 2024). Scaling periods can further be extended by obtaining new market segments or by means of product or service innovation (Bohan et al., 2024). There are certain occasions that organisation founders either deliberately choose not to scale (Lee & Kim, 2024), or choose to slow the process down (Mathias & Williams, 2018). The findings on multiple and extended scaling periods, including possible unintentional scaling, therefore confirm the literature.

The literature suggests that organisational founders tend to conserve resources by performing many tasks themselves, not only focusing on a single business activity and in the process “wear multiple hats” (Mathias & Williams, 2018; Van Lancker et al., 2023). Mosca et al. (2021) suggests that these founders in the early stages of the organisation’s lifecycle are simultaneously managers and entrepreneurs. Start-ups are typically characterised by having simple structures, with the CEO performing the central functions of decision-making and coordination (Desantola & Gulati, 2017). Individuals who “wear multiple hats” may experience internal friction from competing demands of these multiple roles and tasks (Biddle, 1986; Van Lancker et al., 2023). Nambisan & Baron (2021) describes the high stress levels on founders responsible for multiple roles, especially when the roles are incompatible and create role conflict. The findings on founders having multifaceted roles and these roles causing internal frictions, as well as early-stage organisations having simple structures therefore confirm the literature.

Van Lancker et al. (2023) described how founder's roles have evolved to mostly that of strategy developer, and the party responsible for keeping the organisational vision (Mathias & Williams, 2018). Having more freedom due to delegation of certain functions, the founder must ensure organisational autonomy (Mula et al., 2024). Yin et al. (2019) reports that employee empowerment practices have a positive impact on organisational performance due to higher productivity. In creating independence for new management, micromanagement must be avoided (Mula et al., 2024). The findings on the evolution of founder roles evolving to strategy developer, autonomy creator and organisational orchestrator therefore confirm the literature.

Founders may benefit from seeking external sources of knowledge in the form of coaching and mentoring, linked to a growth mindset (Mula et al., 2024), especially first-time founders. Mentoring for entrepreneurs has proven to elevate the capabilities of these founders (Kuratko et al., 2021). The findings on the merits of mentorship and external support therefore confirm the literature.

The researcher could not identify literature that dealt specifically with patience and persistence as founder traits necessary for successful navigation in scaling organisations. The closest match would be linking patience and persistence to optimism and resilience. Optimism being the conviction that favourable circumstances will prevail and resilience being the capability to remain positive and upbeat, regardless of the prevailing circumstances (Shepherd et al., 2021). Shirokova et al. (2025) described persistence as an individual's ability to overcome obstacles on a continual basis in the accomplishment of objectives and the successful execution of strategy, which the researcher links to the literature description of resilience above. This link between patience and persistence to optimism and resilience extends the literature.

### **6.2.2. Summary of discussion of research question 1**

Founders often must wear multiple hats in navigating several roles and their associated tasks at the organisation's early stage (Mathias & Williams, 2018; Mosca et al., 2021; Van Lancker et al., 2023). Founders arrive at an inflection point, where they are overwhelmed by work volume or inexperience.

This feeling of being overwhelmed represents internal friction being experienced by the founder in their role, as there are competing demands for the founder's capacity (Biddle, 1986; Van Lancker et al., 2023). It is at this point where the founder has to make a decision, to stay or move, keeping in mind that they may be supporting families and people with mortgages.

Where founders do capacitate their organisations, they have an opportunity to delegate tasks to their employees, lessening the burden on the founder's shoulders (Mula et al., 2024). At this point founders are able to direct their attention to organisation orchestration and strategy formulation (Mathias & Williams, 2018; Van Lancker et al., 2023).

First-time founders may especially find value in seeking mentorship, which has the ability to greatly elevate the founder capabilities and improve the chances of successful scaling (Kuratko et al., 2021; Mula et al., 2024), and in turn positively influence job creation (Lee & Kim, 2024; Piaskowska et al., 2021).

### **6.3. Discussion: Research question 2**

#### **How does the founder's ability to transition roles impact the growth sustainability and organisational performance?**

The second research question sought to establish the impact of the founder role evolution on the organisational performance during the scaling phase, and specifically how the founder was able to positively or adversely affect the organisation's performance in this transition phase. Shepherd et al. (2021) suggested a need for greater understanding of the preparation for scaling and what impact the start-up phase has on the scaling phase, especially regarding the influence that the initial phase has on the latter.

### **6.3.1. Organisational performance**

Business data was identified as organisational performance enablers noted by two interview participants. The data enables the founder to remain abreast with key aspects such as internal financial performance, but also externally amongst other, customer satisfaction. Mainly aiding with decision-making, this would enable the founder to be tuned in with their business on an up-to-date basis, as opposed to looking in the rearview mirror. Founders would be able to address issues as they occur, with the data possibly even providing foresight into what is to come.

Most of the founders noted their preference and desire to be involved in business development. The interview participants highlighted that at the early stages of the organisation, if they were not engaged in business development, the organisation would effectively stall. The researcher speculates that being the founder of an organisation, the founder would naturally be interested in further development of their organisation, as the founder possesses an innate passion for the business.

Partner identification and selection was noted by all of the interview participants as an important aspect to organisational performance. Partners could refer to service providers, co-founders or high-level appointments. The interview participants noted the necessity for solid relationships with partners, along with trust, reliability, reputability and collaboration. Delivering on agreed terms was noted too as being a key expectation from the founders. It can be deduced that founders should seek references when identifying partners and keep close alignment with the partners and their deliverables.

Findings on resource management, allocation and utilisation was noted by some of the interview participants as a central part of an organisation's performance. In the early stages of an organisation's lifecycle, resources tend to be limited, hence the founder needing to perform certain tasks on a "shoestring budget". One of the participants shed light on certain types of resources, being human capital, financial capital and time capital and that the allocation of these should be done with care.

Delegation of duties was found to be vital in the role evolution of the founder and for ensuring organisational performance is achieved during scaling. All interview participants noted the importance of delegation of work to employees, which allowed the founder freedom to explore other areas of the business that required attention. Delegation and the surrender of control was identified as a challenge to some of the founders, however they recognised the importance thereof to ensure the business could continue growing.

Literature refers to data empowering founders through equipping them with autonomous information and capacity to be used in decision-making and evaluating business performance (Yin et al., 2019). Data provides a level of agility in resource allocation decisions (Mula et al., 2024). Founders shift from looking into granular business details such as financial statements or product design and move to pursue opportunities and focus on business development (Mathias & Williams, 2018). Founders pursue opportunities and move to a customer-centric mindset (Van Lancker et al., 2023). The founder incorporates and formalises into their role and responsibilities, building organisational relevance with external stakeholders (Hsu et al., 2021). The findings on data and business development being organisational enablers therefore confirm the literature.

In seeking partners (resource holder) founders should utilise their networks in identifying partners, the underlying quality of the exchange of resources should be signalled when the partner is identified, formal agreements should be put in place, as well as power dynamics and trust be considered (Clough et al., 2019). These partners can be seen as market oriented complementors that add commercial value to the organisation (Marcon & Ribeiro, 2021). Resources that are controlled by the business can be classified as being financial, human, social, organisational, physical and innovation (Marcon & Ribeiro, 2021). The orchestration and utilisation of resources by founders is described as being key to organisational performance (Monteiro, 2019; Piaskowska et al., 2021). Attracting and possessing resources have costs attached to them, which influences the founder's decision-making on which resources to pursue (Wasserman, 2017). The findings on the allocation and management of resources therefore confirm the literature.

However, partner identification and selection were not found in the main literature sources (Mula et al., 2024; Van Lancker et al., 2023) and the findings only confirmed to literature after performing an additional literature search. Hence, the partner selection findings are an extension of the extant literature on founder role evolution during the preparation for scaling.

Organisations seek to “decompose” the complex set of founder tasks, so they may be allocated to employees that are suitable to executing the tasks (Lee & Kim, 2024). The relinquishment of control is described as being challenging to the founder, however they recognise the necessity of delegation in order to achieve collaboration and autonomy within the organisation (Mula et al., 2024). The findings on delegation therefore confirm the literature.

### **6.3.2. Summary of discussion of research question 2**

The successful role evolution of the founder has a positive impact on the organisational performance during the scaling phase and beyond. Founders have specific enablers which assist them in their roles, one which was found to be particularly relevant was organisational data (Mula et al., 2024; Yin et al., 2019). Being informed provides the founder a helicopter view of the organisation on a real-time basis, which aids in decision-making and tracking of business performance.

Business development was found to be of specific interest to many of the founders, building their networks, looking for opportunities and showcasing the organisation’s relevance to external parties (Mathias & Williams, 2018). The researcher speculates that founders have a propensity to a customer-centric mindset, focusing their attention on business development endeavours. However, founders must not neglect the functional departments of the organisation as there may be a risk that too much freedom afforded to employees, may cause complacency in the business. One of the interview participants referred to checks and balances, which allows the founder to keep their finger on the pulse.

Choosing the correct partners was indicated as key to success in organisational performance and the successful scaling of the business (Clough et al., 2019; Marcon & Ribeiro, 2021). Being able to connect with reliable and trustworthy partners was especially highlighted to prevent frustration during the scaling phase.

#### **6.4. Discussion: Research question 3**

##### **What are the insights gained from the challenges faced during the transition period between start-up and scaling?**

The third research question sought to establish what the challenges were that the founder faced in their role evolution between the start-up and scaling transition period. The question had specific focus on human capital and business identity.

To achieve success in their organisations, founders require an employed human capital to extract value from their proven business models (Bort, 2025). Individuals in the organisation have an interdependence on each other, to form a collective identity, which has an impact on the formation of the organisational identity (Patzelt et al., 2021). The business identity is linked to culture creation, communication and collaboration with all stakeholders, whether internal or external (Mula et al., 2024).

##### **6.4.1. Human capital**

Human capital management in the organisation and talent-fit is central to success in the organisation and assisting the founder in their role evolution. Talent-fit involves the resource having alignment to the organisation's values, including culture-fit, and possessing the necessary attitude, skills, knowledge and experience to successfully fulfil the respective role of tasks and duties. This may involve the resource being an expert in a certain area. Hiring for the future, especially in an organisation that is in a scaling and growth phase, is important to ensure that there is "sufficient bench strength". Hiring the adequate level of talent, may involve the organisation incurring remuneration costs that exceed the immediate expectations, which points to a trade-off between skill and cost. Two interview participants reflected on the thought process behind appointing employees, whether for new positions or filling vacancies, to ensure the correct level of competence, as well as avoiding redundant tasks that the incumbent employee may have performed.

Early staff appointments (joiners) have the potential of rapid growth and becoming key players in the organisation at a later stage. These early joiners have opportunities, even being able to create their own path within the organisation. Development, growth facilitation and training of internal staff was noted in the findings by most of the interview participants as being important in developing internal capacity for the organisation, so it may continue with its performance targets and growth aspirations.

Finally, founder's role in relation to the CEO pointed to two interview participants noting that they had moved on from the CEO position to the chairperson of the board role. Another interview participant noted that the organisation had appointed a professional CEO at an early stage, noting that a seasoned CEO would bring additional expertise and capabilities to the organisation.

Organisations may imprint their culture and values onto their employees for scaling to occur successfully, hence organisations actively seek culture-fit in addition to skills and expertise (Van Lancker et al., 2023). Certain organisations acknowledge the importance of hiring talent ahead of time, even before it is needed, recognising that the expertise and talent will be required in the near future, and that prevention is better than cure – the cure being the rectification of disorder that has occurred due to an incapacitated organisation (Lee & Kim, 2024). The findings on talent-fit and hiring talent ahead of time therefore confirm the literature.

Employees who “enter the lift on the ground floor”, possess the opportunity to grow significantly within the organisation, sometimes being seen as surrogate founders who potentially shape the direction and narrative of the organisation (Bort, 2025; Van Lancker et al., 2023). Continued employee development is an important facet of upskilling employees and keeping the organisation capacitated. A way to ensure development so that the organisational competencies can be expanded, is around the integration of development programme incentives (Lange et al., 2023). Codifying its internal knowledge by preparing “playbooks” or step-by-step guides for internal functions is another method of ensuring internal development (Mula et al., 2024). The findings on early joiners and continued development therefore confirm the literature.

During the preparation for scaling, the organisation may experience a crisis of leadership or growing pains (Greiner, 1997), whereby the founder may not necessarily possess the skills, expertise or will to lead a scaled organisation (Lee & Kim, 2024). As such, the organisation may need to hire an experienced CEO (Abebe et al., 2020; Wasserman, 2017). The findings on the founder as the CEO confirm the literature.

#### **6.4.2. Business identity**

Business identity for the purpose of this study primarily relate to business intention and credibility. The findings related to business intention, point to “the driving force” behind the business, with the profit motive not necessarily being evident at the forefront, with the intention relating to social purposes in some of the interview participant’s cases.

Credibility was noted by some of the interview participants as being a challenge yet important to establish early in the organisation’s lifecycle, as “being the new kid on the block” implied that customers and other stakeholders would prefer utilising the established names in respective industries. To run with the big dogs, it would have been necessary to borrow credibility early on and as the organisations grew through scaling, their credibility grew too.

The literature refers to the founder making their mark and imprinting their vision on the culture, structure and strategy of the organisation, essentially shaping the identity (Abebe et al., 2020). Founders who consider themselves unique, may pursue self-interest and private goals in the creation and running of the organisation, known as a Darwinian identity (Shepherd et al., 2021). The findings on business identity therefore confirm the literature.

A lack of credibility relates to a mismatch between the underlying quality being offered by the organisation and the underlying quality being sought by the customer, known as information asymmetry. The organisation can make use of signalling to overcome this mismatch, by providing certification from third parties (certificates, testimonials, references), hence proving the underlying quality (Clough et al., 2019). The appointment of credible leaders may also serve to positively influence the organisation’s perception and credibility, signalling quality to external stakeholders (Desantola & Gulati, 2017). The findings on credibility therefore confirm the literature.

### **6.4.3. Summary of discussion of research question 3**

Through the successful role evolution of the founder, they are forced to navigate a multitude of challenges between start-up and scaling. No person is an island, and successful founders require the assistance of others. There is a challenge however in getting the glove to fit, with the glove referring to the employed staff. Talent-fit and culture-fit are important facets in driving organisational performance and as such, founders have to exert sufficient effort in identifying the correct talent (Lee & Kim, 2024; Van Lancker et al., 2023). Further, the employed talent should be nurtured, trained and developed, so they may be further capacitated in helping the organisation achieve its goals (Lange et al., 2023). With rapid scaling, comes rapid expansion of complexity. The complexity which the founder may not possess the expertise or will to tackle, hence the board possibly having to employ a seasoned professional CEO, who can bring new perspectives to the organisation, expanding its capabilities for growth (Abebe et al., 2020; Greiner, 1997; Lee & Kim, 2024).

Business identity to external parties may imply many definitions, however the main definition for this study was that of credibility and obtaining it early enough, so the organisation may be taken seriously. Signalling the underlying quality to external stakeholders was identified as the main challenge, which could be overcome by adequate certification, testimonials or references (Clough et al., 2019; Desantola & Gulati, 2017).

### **6.5. Discussion: Research question 4**

#### **How can a founder prepare for business scaling?**

The fourth research question sought to establish how the founder could adequately prepare for scaling, building up their arsenal so to speak. Founder behaviour and the implementation of an organisational structure were identified as means to prepare for scaling.

Founder behaviour was found to entail decision-making, improvisation, self-awareness and learning agility, along with certain characteristics that were noted. For organisations to be successful, founders are required to possess decision-making capabilities, to be agile in their learning, possess a growth-mindset and obtain necessary skills and knowledge to navigate successfully when facing rapidly changing environments, by applying the learnings to the challenges they may face (Mula et al., 2024; Shepherd & Patzelt, 2022).

Organisational growth brings about complexity, which requires taking the prevailing rudimentary state to a more formalised structure, creating functional areas, specialisation and division of labour within the business during role definition, along with introducing systems and processes (Van Lancker et al., 2023).

#### **6.5.1. Founder behaviour**

Decision-making is an important aspect of being a founder, with decision-making extending to timing and opportunity costs related to decisions. This indicates that founders need to act decisively yet weigh up their options on the decisions. Interview participants noted the reality of imperfect decisions being made, however that the learnings from these imperfect decisions need to be taken for future decisions.

Improvisation was identified by a few of the interview participants to have played a large role in their role evolution. The founders described a lot of improvisation occurring at the initial stages of the young organisation, indicating that the founders were figuring things out, or “winging it”. Self-awareness was identified as a subtheme. Although not explicitly stated, some interview participants pointed out the need of “knowing your limits” and being aware of one’s capabilities.

Learning agility had most of the interview participants note that continuous learning was a valuable quality in the founder role evolution. Participants noted the importance to grow with the organisation and that the risk of the organisation outgrowing the founder was present. Some of the founders had started their businesses as specialists and noted the necessity of building knowledge on management in general.

Findings included psychological characteristics such as resilience, mindset and vision. A few of the interview participants pointed to psychological aspects of being a founder and that one had to be mentally tough and possess an innate passion for the business in order to achieve success.

The literature refers that much of the organisation's early success rests on the founders and their decision-making capabilities (Shepherd & Patzelt, 2022). During the process of scaling, organisations pursue new opportunities and must make decisions based on trade-offs in resource allocation (Mula et al., 2024). The findings on decision-making therefore confirm the literature.

The start-up's performance is based largely on improvisation, especially for first time founders (Shepherd et al., 2021). In the pursuit of opportunities, start-ups are often engaged in approaches of improvisation, experimentation, bootstrapping (Busch & Barkema, 2021). Self-control, self-regulation, and self-awareness help the founder through cognitive decision-making by focusing on their goals (Nambisan & Baron, 2021). Anglin et al. (2022) describes self-awareness as being the desirable outcome from a person's own point of view. The findings on improvisation and self-awareness therefore confirm the literature.

A leadership crisis exists where founders of organisations that experience rapid growth, may find themselves unable to lead the organisation due to not being up to the requirements (Desantola & Gulati, 2017). Founders can increase their chances of successfully navigating the scaling phase, if they possess learning agility and a willingness to learn from experiences, linked to having a growth-mindset (Mula et al., 2024). The findings on learning agility therefore confirm the literature.

Successful founders are self-motivating, passionate, and possess vision, hope, optimism and resilience (Shepherd et al., 2021). Despite adversity and frequent setbacks, founders must possess resilience to adapt positively (Hartmann et al., 2022). The findings on psychological characteristics therefore confirm the literature.

### **6.5.2. Organisational structure**

The formalisation of structures within the entity during the preparation for scaling was recognised by most interview participants as a need to create functional departments within the entity namely finance, human resources, logistics, marketing to name a few. The creation of these functional departments imply delegation as well as specialisation of labour. Two of the interview participants noted that they had chosen to outsource certain of the functions, as it had been more cost effective or had allowed them to focus on other areas within the organisation. Two of the interview participants cautioned about the negative effects that departmentalisation might have on the entity, the one being a sense of fossilisation and rigidity, departing from the entrepreneurial agility, and the other being a silo effect, where departments look after their own interests and no longer that of the organisation as a whole – it becoming an “us versus them” scenario.

Founder role preference was noted where the founder decides on which tasks related to their roles to keep and which to delegate to new appointees or outsourced functions was noted by interview participants. Some of the participants indicated they chose tasks aligned with their interests and strengths, and delegating tasks not suited to them.

Systems, processes and administration was identified by interview participants as being a necessary part of the organisation. Operating procedures, IT and software, systems and processes, governance and compliance were all systems and administrative areas highlighted by founders in the findings as important to the success of the organisation. This would ensure consistency in quality, regulatory compliance, accurate reporting of operations and finance, as well as up to date, secure IT environments.

The literature refers to internal reorganisation, formalising clear structures and a division of labour, and orchestrating employee work to an optimal level and direction (Van Lancker et al., 2023). The division of labour includes clear role definition and reporting-line setting (Burton et al., 2019). The structures include policies and procedures as well as managerial systems to direct efforts and eliminate ambiguity as far as possible (Burton et al., 2019; Van Lancker et al., 2023).

Scaling involves the establishment of structured activities and adapting organisational processes, however tensions may arise as departments, management and staff are reorganised, potentially impacting culture too (Morton & Iglesias Ruiz, 2024). The findings on the formalisation of structures therefore confirm the literature.

Founders tend to view their roles in a personal identity classification, instead of their role description (Coviello et al., 2024; Van Lancker et al., 2023). Founders craft their own roles as the organisation matures, however a risk exists that these founders may become complacent and settle down in these roles – negatively influencing their decision-making and ability to generate value (Burton et al., 2019; Hsu et al., 2021). The findings on founder role crafting therefore confirm the literature.

Systems, policies and procedures are a vital part of the organisational design elements (Burton et al., 2019). Operating procedures would need to be implemented or updated at the scaling phase (Shepherd & Patzelt, 2022). Information processing systems that were developed at the formation stages of the organisation, need an overhaul at the scaling phase, as the organisation's size, transaction volume and complexity would all have shifted since start-up to scaling (Bohan et al., 2024). The findings on systems, policies and procedures therefore confirm the literature.

#### **6.5.3. Summary of discussion of research question 4**

The founder role evolution is interlinked with their behaviour, characteristics and traits. The founder's ability to make decisions has implications on the organisation's success and growth (Mula et al., 2024; Shepherd & Patzelt, 2022). Improvisation involves the founder figuring out what is next and what the best course of action would be, especially an inexperienced first-time founder (Busch & Barkema, 2021; Shepherd et al., 2021). Successful founders have proven to have a level of self-awareness, knowing what their capabilities are, as well as knowing their limits (Anglin et al., 2022; Nambisan & Baron, 2021). Learning agility comprises of both on the job learning, as well as formal learning through educational institutions, with the most important aspect being the founder's willingness to learn and possessing a growth-mindset (Desantola & Gulati, 2017; Mula et al., 2024). Psychological aspects such as resilience, passion and vision have been found to be present in successful founders (Hartmann et al., 2022; Shepherd et al., 2021).

Updating and reorganising the organisational structure at the point of scaling is an important aspect, as it allows the specialisation of labour, provides direction to employees and removes ambiguity on responsibilities (Burton et al., 2019; Van Lancker et al., 2023). Founder role preference and self-crafting of roles have shown to have positive impact with the founder being able to play to their strengths (Coviello et al., 2024; Van Lancker et al., 2023), however could also lead to complacency with the founder becoming unable to add value to the organisation (Burton et al., 2019; Hsu et al., 2021). Finally, the importance of instituting operating procedures, systems and processes or updating them is critical. Capacitating the organisation with administrative, governance, and IT, allows for information to flow, mitigates business risks ensures compliance with regulatory requirements (Bohan et al., 2024; Burton et al., 2019; Shepherd & Patzelt, 2022).

## **6.6. Conclusion**

This chapter provided a detailed discussion of the main findings of the study. Findings were addressed in relation to the respective theme under each relevant research question heading. The discussion of the findings followed comparison to the extant literature, which would confirm, extend or contrast the extant literature.

Through the discussion, in linking the findings to the literature review, the findings proved confirmation of the literature that was reviewed for the founder's role evolution in the preparation for scaling. Through performing a qualitative exploratory study by interviewing 10 business founders, who were in the process of scaling, or have scaled their organisations, the research findings on the founder role evolution in the preparation for scaling, proved to largely align with studies performed by Van Lancker et al. (2023) and Mula et al. (2024).

Through the discussion of the findings, it can be concluded that the themes and subthemes have great interdependence on and interrelatedness with each other. It can be concluded that for the organisation to expand, grow and ultimately scale, it is necessary for the founder to evolve in their role, so they may ultimately take a strategic view of the organisation in its progress. The role evolution addresses certain elements that the founder will have to consider in their evolution and in preparation for the organisation to scale.

The chapter that follows will present the conclusion and recommendations to this research paper.

## **7. CONCLUSION AND RECOMMENDATIONS**

### **7.1. Introduction to conclusion and recommendations**

This chapter will conclude on the principal research findings, highlight the contributions of this study to the fields of academia and business, note the limitations of the study, and make recommendations for future research.

The primary objective of this study was to explore the nature of the founder's role evolution during the preparation of organisational scaling, as there is a shift in the demands on a founder's responsibilities and their tasks during this period. The shift is primarily one from an operational involvement to a strategic involvement.

The interval between start-up and scaling is often viewed as a single period, with no clear distinction made (Shepherd et al., 2021). For the scaling to occur successfully and the organisation's continued going concern, the founder is required to bring about certain changes, including their leadership style and formalisations to systems and processes, roles and departments. Failure to address these changes, may result in organisational stagnation, which can prevent scaling to proceed and impacting the organisation's ability to create additional employment.

### **7.2. Principal research findings**

In attempting to answer the main research question on how founders can evolve with the scaling of their businesses, exploratory research has been successfully performed. The literature recommended research to assess the preparation for scaling of organisations using techniques other than case study (Van Lancker et al., 2023).

During the data and thematic analysis stage, the researcher identified and organised themes and relationships between the data points. Numerous findings emerged from the research, however the principal findings identified by the researcher can be correlated to the underlying framework, namely role theory.

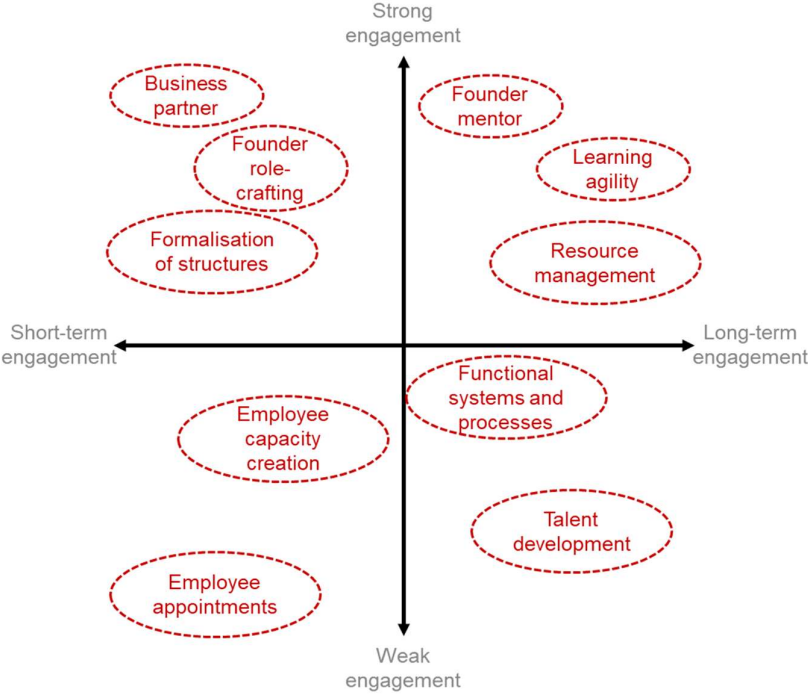
The researcher has observed that the scaling findings can be mapped on a grid, mainly as activities with the engagement of the founder. This represents an extension of the preliminary conceptual framework from chapter two.

The grid x-axis would be time of engagement, from short-term to long-term and the y-axis would be founder involvement from a weak level of engagement to strong level of engagement. This would correlate to role theory as described by Biddle (1986), with the expected behaviour of the founder from stakeholder within the relevant contextual environment. It should be noted that most, but not all, of these activities are within the control of the founder.

The engagement can be compared to the contextual behaviour from the founder. The scaling activities (Mula et al., 2024) involve but are not limited to formalisation of departments (Burton et al., 2019), learning agility through mentorship (Kuratko et al., 2021), or hiring new talent (Lee & Kim, 2024).

The y-axis can be represented by the level of delegation by the founder (Wasserman, 2017). The researcher could not find literature to support the founder’s term of engagement on the x-axis. Hsu et al. (2021) refer to settled work being the founder self-created role being a comfort zone, and unsettled work being the founder redesigning their role based on the organisation's needs – however the researcher believes this will not be applicable for this conceptual framework.

**Figure 15 Illustrative grid-matrix of founder engagement on scaling activities**



Source: Researcher’s illustration based on role theory (Biddle, 1986) and scaling activities (Mula et al., 2024).

### **7.2.1. Activities: Long-term with strong founder engagement**

In the role evolution of a founder, certain activities involve direct long-term commitment and a strong level of engagement from the founder themselves. The founder would either not be able to delegate these activities or remain close to them and are core to the founder's role. These activities are mainly crucial to the organisation, but especially so for the founder's longevity in their position as the chief leader. Certain activities that revolve around the founder's cognitive use, such as engaging with a mentor or entrepreneur's organisation, engaging in learning, or organisation resource management.

### **7.2.2. Activities: Short-term with strong founder engagement**

Certain activities involve a strong level of engagement from the founder, however only on a short-term basis. Again, the founder would either not be able to delegate these activities or remain close to them and are core to the founder's role. Certain of these activities would also require the founder's cognitive use such as seeking a principal business partner, founder role-crafting, or formalisation of structures during the organisational formalisation stage.

### **7.2.3. Activities: Long-term with weak founder engagement**

These activities revolve around constant attention being given to them, with the activities being iterative and are crucial to the long-term success of the organisation. These activities do not necessarily require the founder's direct involvement such as talent development, or functioning systems and processes.

### **7.2.4. Activities: Short-term with weak founder engagement**

These activities, although important to the success of the organisation, are short-term in nature and do not need the direct involvement from the founder. These can be listed as new employee appointments or creating capacity for employees.

### **7.2.5. Findings not immediately within the control of the founder**

Finally, certain of the findings would not fit onto the grid-matrix. These are findings that are not within the immediate control of the founder. In certain circumstances, the founder must relinquish the position of the CEO to either a chairperson of the board, or a non-independent executive in the business.

### **7.2.6. Summary of principal findings**

The evolution of the founder role encompasses certain actions that are within the ambit of influence of the founder and as such the founder has the ability to shape their role and the success of the organisation, whereas certain elements outside of the founder's influence, shape the founder's role.

## **7.3. Implications of the research**

The findings of the study have important implications for the academia on the extension of the body of knowledge around founder role evolution during the preparation for scaling, specifically pertaining to role theory, as well as organisational founders in South Africa and the activities that influence their role evolution.

### **7.3.1. Academic contribution**

This study contributes to the bodies of academic knowledge on role theory, entrepreneurship and organisational scaling. The findings extend the application of role theory as framed by Biddle (1986) on the founder's role during the preparation for scaling within the South African context. The findings obtained through exploratory interviews extend the case study research performed on founder role evolution (Van Lancker et al., 2023). The findings also extend the research of the scaling process framework, performed by Mula et al. (2024).

Based on the research performed by (Mula et al., 2024; Van Lancker et al., 2023), this study extends their literature by identifying founder role evolution being linked to engagement in two dimensions. The first dimension being timing, short-term and long-term engagement, and the second dimension being engagement level, strong engagement and weak engagement. This is especially relevant to first time founders and the level of engagement and psychological attachment to the organisation (Abebe et al., 2020).

### **7.3.2. Business contribution**

This study contributes to South African founders who have the intention of scaling their organisations, as well as external stakeholders such as investors or board members, but also internal stakeholders such as organisational joiner leaders. The contextual findings obtained from this study represents data obtained from a wide demographic spectrum. The contribution is not limited to scaling organisations, as many of the findings from this practical roadmap are relevant to high growth firms too.

The study points to possible repercussions on subsequent scaling efforts by the actions (or inactions) of the founder(s) at the venture creation and start-up phase.

The study highlights points of inflection, where the founder is required to make changes in their management style to remain on a sustainable growth path. The leadership crisis of a founder being incapable of managing the organisation as CEO is addressed.

The study suggests a framework to assist founders in their role definition, especially in the shift from operational involvement to strategy formulator and enabler.

The study provides a guideline on functional formalisation and division of labour to enable autonomy in teams, highlighting vision retention and cultural coherence.

The findings provide insight into soft elements such as founder challenges and opportunities, the psychological attributes as well as working on organisational perception and credibility.

Finally, the study suggests a conceptual framework in relation to the founder's engagement on various elements during the scaling period, including strong versus weak engagement as well as short-term versus long-term engagement.

#### **7.4. Limitations of the study**

This study has some inherent limitations which are acknowledged to maintain transparency and credibility.

Firstly, the study was exploratory and qualitative with a small sample size, hence the results cannot be generalised to other contexts.

Secondly, qualitative studies are prone to bias, either from the researcher or the participant, indicating the results may be biased.

Thirdly, the sample consisted of CEOs, MDs, chairpersons and founders that had exited their organisations by the time of the interviews – unit of analysis. The study does not attempt to gain insights from the respective interview participants' peers, to understand their perspectives.

Lastly, the thematic analysis performed on qualitative interview data is prone to bias from the researcher.

#### **7.5. Recommendations for future research**

Based on the findings and observations in performing this research, the recommendations for future research are presented below.

The researcher has identified the potential underutilisation of entrepreneurial mentorship in a South African context, specifically pertaining but not limited to scaling.

Future research could be done on a longitudinal case study of an organisation that has successfully scaled or at least had gone through one successful iteration of scaling.

Future research could be done where the peers of founders that have successfully scaled, are included in the unit of analysis to gain additional insights into the founder role evolution. This could shed additional light on the perceived value that a founder brings to the organisation, versus the perceived value that a peer brings to the organisation during the preparation for scaling and scaling phase.

Lastly, a similar study on a quantitative basis can be performed, hence with the use of a questionnaire and a larger sample size, might attain different insights or draw some definitive conclusions based on hypotheses.

## **7.6. Conclusion**

This study set out to establish how a founder could evolve with the organisation in the preparation for scaling. Semi-structured interviews were performed with 10 organisation founders, where rich insights and perspectives were obtained, the data analysed and the findings serving to add to the extant literature.

The study findings revealed the challenges faced by founders in preparing to scale their organisations, the psychological tenacity and resilience they portrayed in the pursuit of their passions, as well as the growth mindsets they possess in realising they need to keep themselves ahead of the wave through upskilling. This study highlights the importance of entrepreneurial support, whether to public forums, private organisations or government initiatives whereby successful founders play mentorship roles to start-ups and entrepreneurial organisations.

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## **APPENDIX 1 – INTERVIEW CONSENT FORM**

### **Research consent**

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA.

I am conducting research on organisational scaling and am trying to find out more about the founder's role transition at organisation scaling phase.

Our interview is expected to last about an hour and will help us understand how South African founder's roles evolve in the preparation for scaling.

Your participation is voluntary, and you can withdraw at any time without penalty.

All data will be reported without identifiers. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher Name – Alexis Heymans

Email - XXXXXXXX@mygibs.co.za

Phone – XXX XXX XXXX

Research Supervisor Name – Hugh Myres

Email - XXXXXX@gibs.co.za

Signature of participant: \_\_\_\_\_

Date: \_\_\_\_\_

Signature of researcher: \_\_\_\_\_

Date: \_\_\_\_\_

## **APPENDIX 2 – INTERVIEW GUIDE**

### **A: Founder Business Background**

1. Briefly describe your business background leading up to a founder preparing to scale?
2. How long did the business operate before it began preparation for scaling?
3. What were the key indicators or motivations that led you to pursue scaling?

### **B: Preparation and Role Transition**

4. Describe your role prior to preparation for scaling?
5. Describe your role during preparation for scaling?
6. Describe your role in the 12 months post scaling?
7. What were the most difficult adjustments you had to make during these phases mentioned above?
8. How did you acquire the skills or mindset required for the new demands of scaling?
9. Were there specific areas of capacity building that took place, if so describe them?
10. Did you bring in new leadership or delegate responsibilities? How did that affect your role?
11. If applicable, describe the formalisation of structures that occurred in the preparation for scaling?

### **C: Perceptions and Adaptation**

12. What were the biggest challenges you faced in transitioning your role – from start-up founder to post scaling?
13. What internal (e.g., mindset, team) or external (e.g., market, funding) enablers supported a successful transition?

14. Were there any early-stage decisions (at start-up phase) that later influenced how well you could scale?

**D: Impact and Reflection**

15. In hindsight, how did your role transition impact the performance and growth of your business?

16. What learnings did you take from your role evolution from start-up to post scaling?

17. What would you do differently if you were to go through the scaling process again?

18. What advice would you offer to other founders preparing to scale?

**APPENDIX 3 – CODEBOOK AND THEMATIC MAP**

<b>Research Question</b>	<b>Primary codes</b>	<b>Code Group / Category</b>	<b>Theme / Concept</b>
<b>1</b>	Business background	Background	<b>Role Evolution</b>
	Managerial practices Multifaceted founder role Networking On the business Orchestration of business Prior experience Role adaption Role ambiguity Role boundaries Role during scaling Role post scaling Role prior to scaling Role transition impact	Founder role	
	Business communities Entrepreneurs Organisation Experiential knowledge Founder coaching Mentor for founder Mentorship Sounding board Supplier development programme	Mentor	
	Agility handicap Focus post scaling Institutionalisation Lost entrepreneurial spirit Scaling advice Scaling challenges Scaling curve Scaling effect Scaling errors Scaling impact Scaling period Scaling preparation Technological problems	Scaling learnings	
	In the business One man show Sole founder	Sole founder	
	External support Founder reliance on expert hires Lack of support Leadership Opinions are plentiful Startup overwhelmed Startup workload Support requirement	Support	

	Supportive team Team necessity		
	Boiling frog Scaling dilemma Timing	Time before scaling	
	Company creation reason Social intention Staff treated badly	Venture creation reason	

Research Question	Primary codes	Code Group / Category	Theme / Concept
2	Ancillary revenue Business data Business development Business failure Business opportunity Business resilience Business size Business unit creation Capacity building - business Cautious of straying Complacency Cut your losses Difficult nature of business Disaster Diversification Ensuring business continuity Future leaders Future planning Globalisation Grow with organisation Guidance Idea generation Imperfection Implement milestones Improve over time Marginal returns Market-fit Negotiations Organic growth Organisational achievement Organisational evolution Organisational growth Organisational mistakes Organisational performance Progress Reinvest into business Revenue followed by appointments Size fluctuation Struggle	Business performance	Organisational Performance

	Succession planning Technical capabilities Trouble Unintentional scaling		
	Delegate weaker areas Delegation Delegation allows scaling Enabler	Enablers	
	Bootstrap - capital Deliver on promises - funding Funding Funding caution Raise less capital	Funding	
	Collaborative partners Experienced partners Partner ability Partner alignment Partner identification Partner problems Reliable partners Trustworthy partners	Partners	
	Access to resources Resource allocation Resources Staff affordability Startup phase	Resources	
	Debate on scaling Intentional scaling Reason for scaling Scaling considerations Scaling necessity Scaling opportunity Scaling overwhelmed Scaling recognition Scaling uninfluenced by greed	Scaling reason	

Research Question	Primary codes	Code Group / Category	Theme / Concept
	CEO appointment CEO integration Creation of EXCO EXCO collaboration EXCO meetings Executive committee Executive drive Executive resignation Founder - CEO Founder to chairperson Professional CEO Reason for CEO appointment Strife and division	EXCO	
3	Alpha personalities Appointment questions Appointments Capabilities Capacity for management Conflict Conflict prevention Culture Employee alignment Employee cost Employee development Employee experimentation Employee freedom Employee inclusion Employee journey Employee problems Employee resignation Employee trust Employee-fit Employees become executives Employment creation Experience requirement Experienced hires Good working environment Headcount fluctuation Hire for future Hiring failures Hiring strengths Human capital management Internal leader identification Joiner role acclimatisation People development People inabilities People management People problem Politics Professional appointments	Human Capital	Human Capital

	Profit for employees Responsibility to employees Spend money on hiring people Staff onboarding - legally correct Successful appointments Talent identification Talent nurturing Teamwork - employees Top-heavy structure Unemployment Unsuccessful appointments		
	Borrowing credibility Business identity Business model Business objective Clarity Credibility New kid on the block Organisational brand Professionalism Quality service Reputation management Scaling alignment to business objective Specialization Transparency Trusted in industry	Business identity	<b>Business Identity</b>
	Owner discretion Shareholder ego Shareholder patience Shareholder selection Shareholder support Shareholders	Shareholders	
	Customer management Foster external relationships Organisational perception Stakeholder management	Stakeholder management	

Research Question	Primary codes	Code Group / Category	Theme / Concept
4	Decision-making Imperfect decisions Opportunities Revoking authority Scaling size	Decisions	<b>Founder Behaviour</b>
	Asking Be cautious Behaviour tolerance Bricolage Communication	Founder behaviour	

<p>           Communication to employees            Control relinquishment            Deliberateness            Departmental preference            Entrepreneurial Action            Firefighting            Founder behaviour            Founder challenges            Founder confidence            Founder ego            Founder empathy            Founder exit            Founder exploration            Founder journey            Founder operational            Founder principles            Founder resilience            Founder respect            Founder role agility            Founder role evolution            Founder self-awareness            Founder's dilemma            Future thinking            Innovation            Know your limits            Persistence            Perspective            Responsibility            Rigidity            Risk tolerance            Sacrifices            Stay focused            Strategic            Strategy            Strategy formulation            Vision         </p>		
<p>           Adaptability            Figuring it out            Improvising            Winging it         </p>	<p>Improvise</p>	
<p>           Be knowledgeable            Capacity building - founder            Disrupt yourself            Learning agility            Skill building         </p>	<p>Learning</p>	
<p>           Ambition            Depression            Loneliness            Mindset            Open-minded            Passion            Pressure         </p>	<p>Psychology</p>	

	Psychology Rejection Scaling emotion Self confidence		
	Unknown Unpredictability	Unknown	
	Administration Checks and balances Compliance Doing the basics Governance Organisational policies Retrofit The boring stuff	Administration	<b>Organisational Structure</b>
	Analysis paralysis Finance and accounting Profitability Spreadsheet assumptions Watch finances	Finance and accounting	
	Formalisation Formalisation - decisive Internal functions Organisational changes Organisational structure Outsourcing Process for formalisation Silos Operating procedures Systems and processes Ways of working	Organisational structure	